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NEWS SUMMARY

GENERAL

Syrians in new Beirut clashes

...n tanks yesterday intensi... their shelling of Right-wing ...tian positions in Beirut as ...ion faced a deepening ... with renewed fears of ...li involvement.

...hting is also reported to ...broken out around the army ...son at Serba overlooking ...port of Junieh—capital of ...main Christian enclave, ... of Beirut.

...istians and Syrians fought ...y side against Palestinians ...e civil war which ended 15 ...hs ago—and if their ...ce collapses, it is feared ...raelis may intervene in the ... The clashes stem from ...tian fears that their ...on is being undermined by ...'s new alliance with the ...tinians to try to thwart ...dent Sadat's Middle East ... initiative. Back Page

...tempt to reach ...odesia pact

...e of the four delegations at ...esia's internal settlement ... hope to sign a one-man one-... agreement next Monday— ... or without Bishop Abel ...rewa. The bishop so far has ...sed signing any agreement ...ding for separate voting ... for blacks and whites, but ... discuss the issue with his ...orters at the week-end.

...ssians expelled

...da is expelling 13 Russians ... espionage activity, Mr. Don ...eson, External Affairs Minis... announced. He said they ... been involved in an attempt ...cruit a member of the Royal ...dian Mounted Police as a ...

...ench Left slips

...st French opinion polls indi... that the Left-wing parties ... has been slightly reduced, ... less than five weeks to go ...re the National Assembly ...ions. But the Socialists and ...munists remain at odds over ... electoral tactics. Page 2

...appler dies

...bert Kappler, 70-year-old con... Nazi war criminal, died ... West Germany yesterday. Kap... serving a life sentence for ... reprisal shooting of 335 ...ages, escaped from a Rome ...tary hospital six months ago ... was smuggled across the ...ler in the boot of his wife's ... The Bonn Government said ... under the West German ...stitution, it could not ...adite him.

...andela sentence

... Winnie Mandela, wife of ... imprisoned African National ...gress leader Nelson Mandela, ... given a suspended six-month ... sentence for receiving visi... without permission in breach ... banning order. Page 4

...iefly ...

...ops with bulldozers helped ...r roads as the north-eastern ...board of the U.S. began to ...over from the heavy snowfalls. ...Britain, snow fell in the Home ...nties and the South-East, ...ving down traffic and forcing ...cellation of some Gatwick ...hts.

...ney Duncan Noble, aged 49, ...peared in Derby Crown Court ...terday to answer a bench ...rrant issued after he failed to ...render to bail on three ...rges of burglary. The judge ...d he proposed to remand ...ble in custody until March 6.

...rdon McQueen, Leeds United ...fender, signed for Manchester ...ited for £450,000, a British ...cord fee.

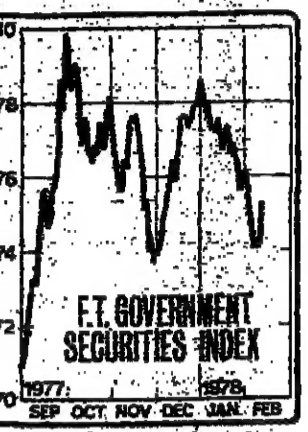
...lin Cowdrey, former England ...cket captain, has been robbed ... all the silver he won in his ...-year career. Thieves took the ...ophies, worth thousands of ...unds, from his Surrey home ...ile he and his wife were ...leep.

...ghting broke out between anti-...oodsport protestors and specta...rs at Altcar hare coursing ...eeting near Liverpool.

BUSINESS

Gilts rise on long tap move

● GILTS rose sharply after the Government broker cut the price of the official long-dated tap stock and started selling for



the first time. Back Page. Gains of 1¼ were recorded and the Government Securities index closed 0.93 up at 73.34 — its sharpest gain for four months.

● EQUITIES started off well, but business flattened out to leave the FT Ordinary index 4.9 up at 473.2.

● STERLING closed 15 points up at $1.9340, its trade-weighted index rising to 66.2 (66.0). The dollar's depreciation widened to 4.47 per cent. (4.41).

● GOLD fell $1½ to $173½.

● WALL STREET closed 4.35 down at 777.81.

● LONRHO plans to buy up for an undisclosed sum the half share it does not already own in the Nyaschere copper mine in Rhodesia. The stake is at present held by the chairman, his deputy and Mr. Angus Ogilvy. Page 20

● STANDARD Life Assurance and Greycoat Estates have announced a £30m. office development scheme at Cutler Street in the City of London. Back and Page 10

Rolling money targets urged

● GOVERNOR of the Bank has argued for a more flexible system of rolling monetary targets, rather than the present annual targets. Back Page; Editorial comment Page 16

● SUN ALLIANCE and London Insurance group is to go ahead with its increase in motor premiums in spite of its dispute with the Government over its pay settlement. Page 6

● GUARDIAN ROYAL Exchange managing director, Mr. Ernest Bidland, is to retire in June. He will be succeeded by Mr. Peter Dugdale. Page 25

● BRITAIN'S toy industry, with sales of £230m. a year, is expected to show improvement after the last two years of recession, according to an industry report. Page 7

● STEEL STOCKS in the U.K. have fallen to the lowest level for five years, reflecting the world-wide slump in demand, industry figures show. Page 6

● FRENCH Government is launching an investment drive into four important sectors—food and farming, energy, mechanical engineering and pharmaceuticals. Back Page

● GULF OIL has awarded a £30m. contract for extensions to its Milford Haven refinery to Bechtel Great Britain. Page 6

● ROLLS ROYCE has won £6m. worth of orders for compression equipment for two North Sea oil-fields. Page 7; North Sea Oil Review Page 25

● BRITISH AIRWAYS pre-tax profits for the nine months to December dropped sharply as a result of industrial action from £107m. to £89m., although its total revenue for the period rose from £920m. to £1,010m. Page 6

● ITT has recorded its highest sales and earnings in its 57-year history in 1977 with income of $562m. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

Treasury 8½pc 1982	£95½	+ 1¼
Treasury 12¾pc 1995	£110¼	+ 1¼
GB Research	88	+ 6
Assoc. Book Pubs.	190	+ 17
...ell (A.)	214	+ 8
...ibby (J.)	220	+ 7
British Vita	85	+ 9
...rown (J.)	296	+ 6
...ostain (R.)	264	+ 8
...ixor	46	+ 4
...RF	168	+ 11
...EC	253	+ 4
Hawker Siddeley	188	+ 6
...L	260	+ 10
...archwiel	248	+ 10
Metal Box	306	+ 8
...orton and Wright	188	+ 13
Quick (H. and J.)	46½	+ 3
Ransom (Wm.)	162	+ 7
Royal Ins.	380	+ 7
Scot. Agric. Inds.	205	+ 7
Stock Conversion	244	+ 4
Sun Alliance	542	+ 13
Trust Houses Forte	196	+ 7
Union Discount	445	+ 15
Wilkinson Match	190	+ 5
Wilson (Connolly)	117	+ 7
Yule Catto	77	+ 5
BP	788	+ 8
Bun Estates	150	+ 20

FALLS:

Crosby House	129	− 4
Morgan Edwards	25	− 3
Reed Intl.	104	− 7
East Rand Props.	335	− 15
Southvaal	152	− 10

Date fixed for April 11 as Callaghan thanks miners

Later Budget Day gives time for tax cuts decision

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Budget Day will be Tuesday, April 11, the latest of the likely dates. This will allow more time for the intensive debate to be resolved in the Treasury and Whitehall about the exact size of the reflationary package, including the expected substantial cuts in income tax.

The date was announced in the Commons yesterday by Mr. Michael Foot, Leader of the House. The main alternative was March 14, before the Easter recess. But an earlier date apparently was considered to have no special advantage in influencing the current pay round or any talks with the TUC about what happens on incomes policy after the summer.

The April date is, however, likely to have had the attraction of allowing more time for economic prospects to become clearer.

The range of Budget stimulus under consideration is between about £1½bn. and £2½bn. Action nearer the upper limit looked *more likely at the beginning of* the year, but some of the official advice recently received by Mr. Denis Healey, the Chancellor, seems to have become more cautious.

Caution about expecting too much in the way of tax cuts was urged earlier this week by Mr. Joel Barnett, Chief Secretary to the Treasury.

Mr. Gordon Richardson, the Governor of the Bank of England, said yesterday that the economy should not be allowed to expand "very vigorously" until inflation had been reduced.

A number of senior Ministers outside the Treasury believe some of the official advice may be too pessimistic, and that reflation should be larger rather than smaller.

Mr. Healey has not committed himself yet, and told the Parliamentary Labour Party on Wednesday that he had no intention of emulating the alleged over-caution of Mr. Roy Jenkins in *1970, or the extravagance of* Lord Barber in 1972-73.

The Chancellor is believed to have submitted a paper for a Cabinet discussion on the economy emphasising the considerable uncertainties about the outlook for world trade, U.K. exports, investment and inflation.

The relatively pessimistic view taken by some Treasury officials about the economy compared with last autumn is likely to be reflected in the new National Income Forecasts, now being completed.

These are expected to show a slower growth in exports and output than previously projected, following the slackening in the expansion of world trade and the appreciation of sterling.

It is expected that the forecasts will indicate a substantial current account surplus this year, but a possible deterioration from mid-1979 on present trends. Consumer spending is likely to be shown as more *buoyant than previously* assumed, with adverse implications for imports.

It is understood that some of the advice urges restraint on the

Continued on Back Page
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Cheer on pay front for Ministers

BY OUR LABOUR STAFF

MINISTERS received more comfort on the pay front yesterday as engineering unions decided to reopen talks for a new national agreement, water supply unions accepted a 10 per cent. offer, and miners' leaders accepted their negotiators' decision to fall in with the incomes policy.

Talks on a national engineering deal broke down last week, but yesterday, the Confederation of Shipbuilding and Engineering Unions lessened the chances of industrial action by declaring they would resume talks with the Engineering Employers Federation.

They have lowered their target of a £70-a-week minimum skilled rate to £60—only £3 over the federation's offer.

Government relief at the miners' decision was expressed by Mr. James Callaghan. "The whole nation will be grateful that responsibility has shown itself—as I always believed it would" he told the Commons.

But as National Union of Mineworkers executives voted by 14 to 10 for the principle of a 10 per cent. deal lasting 12 months from March 1, many branches complained of "a sell-out."

Mr. Joe Gormley, union president, was condemned for speaking against the 10 per cent limit and then accepting it.

Even in the moderate Nottinghamshire area, one official said the decision would be badly received.

But it was generally thought unlikely that miners would vote for industrial action against the limit if given the chance in a pit-head ballot.

One of the angriest responses came from Mr. Jack Dunn, area secretary for the militant Kent coalfield. The executive's decision was "a disgrace" and the negotiations, a "charade".

A special meeting of the national executive has been called for next Wednesday, when the share-out of the 10 per cent. earnings addition will be discussed.

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Labour news Page 9

Tories to fight sanctions

THE CONSERVATIVES have decided to press their attack on the Government's use of discretionary powers against private industry with a major Commons debate next Monday on new clauses to be included in all future contracts with Government departments.
Back Page.

Windscale report backs new plant

BY DAVID FISHLOCK, SCIENCE EDITOR

THE WINDSCALE Inquiry report is believed to have recommended strongly that approval be given to the construction of a new British reprocessing plant for spent nuclear fuel.

Mr. Justice Parker is believed to have stated his conclusions in terms so unequivocal that the Government face sa dilemma over how it can avoid giving an immediate go-ahead for the project.

Opponents of the project, although long resigned to the likelihood that the Parker report would approve the project, had hoped that it might contain *sufficient caveats to make the* Government hesitate to take a rapid decision.

In fact, its conclusions, it is understood, leave little room for further debate about the desirability of the Windscale nuclear project.

The 100-day public inquiry last summer was set up by the Government to report on plans of the State-owned company British Nuclear Fuels to build a new £600m. reprocessing plant.

Although Mr Justice Parker's report was sent to Mr. Peter Shore, Environment Secretary, last month, the Government has been unable to decide whether to approve the project simultaneously with its publication, or whether to permit another Parliamentary debate — as opponents and many MPs have been urging—before any decision is announced.

The Government yesterday refused to discuss an exchange of letters between the U.S. State Department and the Foreign Office, over U.S. Government policy on reprocessing of spent nuclear fuel.

The U.S. letter, written in December, raised the possibility that the Windscale inquiry had been misinformed about U.S. Government policy on reprocessing.

The State Department's letter was written by Dr. Joseph Nye, a senior official involved with U.S. policy on nuclear proliferation. It was addressed to an Under-Secretary at the Foreign Office who, it is understood, replied last month.

The Foreign Office pointed out yesterday that President Carter in explaining his nuclear proliferation policy last year, had said: 'We are not trying to impose our will on those nations like Japan, France, Britain and Germany which already have reprocessing plants in operation."

The Foreign Office refused to comment on the text of Dr. Nye's letter, beyond saying that it was not British practice to release letters exchanged by officials.

It rejected any suggestion that Dr. Nye's letter had come "as near as diplomatically possible" to a formal request to Britain not to proceed with its plans for Windscale.

The text of a speech by Ambassador Gerard Smith, Dr Nye's chief at the State Department, just published in the *Congressional Record* in Washington, indicates that U.S. policy on reprocessing has taken a much more conciliatory turn.

Rupert Cornwell, Lobby Staff, writes: Mr. Shore's hands are tied by the fact that the Windscale inquiry was conducted under ordinary planning procedures under which the last word lies exclusively with officials in his department.

However, 178 backbench MPs from all parties have signed a Commons motion demanding that the report be published and the House debate the issue before any decision. It looks as though the Government may have decided that MPs should have their chance.

Somalia counters Ethiopia offensive with mobilisation

BY OUR FOREIGN STAFF

SOMALIA has threatened to throw its full military weight into the battle for the Ogaden region of the Horn of Africa against Ethiopia's Russian-backed offensive.

Somalia's answer to an Ethiopian call to "surrender peacefully or face the consequence of annihilation" yesterday was the mass mobilisation of Somali civilians.

Mr. Abdulkassim Salad Hassan, Minister of Information, said the mobilisation would start soon and might be followed by the use of regular Somali troops.

If Ethiopia "internationalised" the war by seeking to annex northern Somalia, "we would have no alternative but to send our troops in," he said.

Ethiopia says that Somali regular troops, trained by Russians formerly in Somalia, have been engaged in the war since it began six months ago.

Somalia has always denied this and insisted that the fighting has been done by the Western Somali Liberation Front a local guerilla group.

Ethiopia yesterday accused Egypt of sending troops to help Somali forces in the Ogaden war. The Ethiopian Foreign Ministry in Addis Ababa said such a move threatened not only Ethiopia, but also Africa and the world.

Gen. Hassan El-Kateb, Egypt's military spokesman, denied Ethiopian claims that 5,000 Egyptian troops were on their way to help the Somalis and join Egyptian troops already there.

But President Anwar Sadat said earlier this week that Egypt was supplying arms to Somalia and considering sending troops as well.

Ethiopia is thought to have 40,000 regulars with a peasant militia of around 80,000, many of whom are committed to fighting the Eritrean secessionists in the north.

The Institute of Strategic Studies estimates the Somali regular army at 30,000 but they are ...ly equipped with poor Soviet weaponry.

Mr. Abdulkassim renewed his appeals for Western and Arab help. "We are no match for Soviet and Cuban armed forces."

"Somalia is willing to accept any kind of help it can get—armaments, soldiers—because it is clear it cannot stand alone against this unholy alliance."

He claimed that no military assistance had been given to Somalia and urged the West to persuade the Ethiopians to negotiate.

An eight-member mediating committee from the Organisation of African Unity visited both the warring countries' capitals this week, but there has *been no indication of success.*

Ethiopia has said it will not negotiate until Somalia agrees to leave territory occupied during the six months of war.

The conflict within and without Page 4

N-station leak bill £15m.

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE ACCIDENTAL leak of sea water into the Hunterston B nuclear power station on the *Clyde will cost at least £15m.*— £1m. more than the initial worst estimate—and it could be as high as £20m. It will put one reactor out of service for a year.

South of Scotland Electricity Board engineers have decided against the easiest and quickest remedy of trying to flush out salt deposited i nthe space beneath the reactor with fresh water because that could still leave a risk of corrosion.

Instead they will remove thermal insulation and either clean it or replace it with new material. This will mean one of the two generating units closing down until the spring of 1979. Even then, the reactor will have to complete the period of working up to full load that was interrupted when the accident *happened last October. It may* take several months to reach full power.

Mr. Roy Berridge, chairman of the Board, said last night that repairs would cost £5m., with the rest spent on substitute output from more expensive fossil fuel stations.

£ in New York

—	February 9	Previous
Spot	$1.9350-9360	$1.9535-9540
1 month	0.02dis-0.05pm	0.01-0.02 dis
3 months	0.06-0.05 dis	0.32-0.21 dis
12 months	0.65-0.45 dis	0.95-0.75 dis

Wilkinson deal terms revised

BY KEITH LEWIS

THE PROSPECT of a major City row over the controversial deal whereby Allegheny Ludlum Industries, the U.S. garden tool group, was to have gained control of Wilkinson Match without making a full take-over bid, appears to have been averted.

Revised terms of the acquisition by Wilkinson of True Temper, an Allegheny subsidiary, will mean that if the new deal is approved by shareholders the American group will own 44.4 per cent. of Wilkinson, and not over 51 per cent. as originally intended.

Allegheny has undertaken not to increase its holding above 45 per cent. unless it makes a general offer for the remainder, in which case over 50 per cent. of the outstanding shares would have to be voted in favour. It is estimated that institutions hold at least 30 per cent. of the Wilkinson equity.

Wilkinson has said that the terms have been adjusted downwards because True Temper, after a full report by a leading firm of accountants, is no longer worth the original price. A statement issued yesterday says that the profits of True Temper for 1977 "have been affected by changes in the value of currencies since the proposals were first discussed, the effects of adjustments arising from differences in the U.K. and U.S. accounting practice and trading profits which were lower than anticipated."

Allegheny had earlier made it clear that it was not interested in selling True Temper unless the end result was that it gained overall control of Wilkinson. It appears that the decision to shift from that position was influenced to a large extent by the outcry from institutions and the Press, with the added prospect of the deal being re-examined by the full Take-Over Panel. The Panel's executive had earlier given clearance.

Allegheny's interest in Wilkinson Match started with the purchase of a 29 per cent. stake from Swedish Match at a price of 260p a share, compared with under 200p in the market. The deal over True Temper followed two days later.

Under the terms of the revised deal, Wilkinson will now only issue 6.2m. new shares to Allegheny in return for True Temper, though a sum of $8m.—$5m. now and a further $3m. in two years' time—will be paid in cash.

The management changes proposed under the original deal will proceed as planned. Mr. Denys Randolph and Mr. Christopher Lewinton, the chairman and managing director respectively of Wilkinson Match, will join the Board of Allegheny and Mr. R. J. Buckley, chairman of the American company, will become a director of Wilkinson.

Full details of the revised proposals will be contained in a document to be sent out to shareholders in a fortnight.

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FEATURES

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EUROPEAN NEWS

Economic dilemma faces Andreotti

BY DOMINICK J. COYLE

ROME, Feb. 9.

THE QUALIFIED optimism here that Sig. Giulio Andreotti, Italy's Prime Minister-designate, may be able to find an early, if temporary, solution to the country's political crisis, cloaks a number of pressing economic issues which remain to be resolved.

In essence, no budget has been agreed yet for the current year between the various political forces, and the projected enlarged public sector deficit for 1978 remains far outside the limits agreed with the International Monetary Fund. A fund mission to review the terms and undertakings incorporated in Italy's letter of intent to the IMF last April is scheduled to visit Rome within the next few weeks.

There is also the continuing disagreement on the growth target for 1978. The proposal of the minority Christian Democrat Government before its resignation last month was to aim at a maximum of 3 per cent., but this has been rejected both by the national employer organisation, Confindustria, and by the trade unions.

They are now pressing for a target of up to 4½ per cent. to reverse the recession and make some inroads on the country's mounting unemployment.

However, many independent analysts support the publicly-stated position of the Bank of Italy that a growth rate in excess of 3 per cent. over the next few years—assuming no basic change in the trend of labour costs and Italy's import requirements—can be achieved only at the cost of a renewed balance of payments crisis and further undermining of the exchange rate.

Most big labour contracts are due for renegotiation this year and. despite some recent moderation in the trend of price inflation, and consequently some relative improvement in the cost of the country's inflationary system of wage indexation, the unions' rank-and-file membership still sounds militant.

Italy's Communist Party has now climbed down from its open demand for direct participation in the next Italian Government, agreeing instead to support in parliament with other opposition parties an "emergency plan" to be executed by a new minority government, again under Sig. Andreotti. But the party is insisting on being accepted by the long-ruling Christian Democrats as part of an open and explicit parliamentary majority—but not in the government as such.

The Christian Democrats' parliamentary party was meeting here to-night to see if such a formula, ambiguous though it would be, could be acceptable to them, since it must entail increased prestige nationally for the Communists, as well as an enhanced presence in parliament itself—at least in terms of direct influence over policy.

What Sig. Andreotti has in mind, whatever the misgivings of many members of his own party, is to find a formula—perhaps as much of words as anything else—to keep the Communist Party out of the direct governing process while ensuring that the Communists are associated explicitly with the range of tough economic decisions which Italy faces whenever the new government is formed, and whatever its ultimate shape and parliamentary line-up.

Portuguese talks with IMF in Washington

By Jimmy Burns

LISBON, Feb. 9.

A THREE-MAN team from the Bank of Portugal and the Ministry of Finance and Planning is in Washington to finalise arrangements for the resumption of negotiations with the International Monetary Fund (IMF) for a $750m. loan.

The visit would suggest that despite the parliamentary motion of rejection facing the new government programme, the administration is fairly confident of a vote of confidence this weekend.

By recognising the need to reduce the country's crippling balance of payments deficit, now standing at about $1.3bn., the programme presented to Parliament last week, provides a firm foundation for resumption of talks with the IMF.

It stresses, however, that in future negotiations with the Fund, the interests of Portugal will be staunchly defended, noting that an excessively deflationary programme could eventually lead to a "vicious circle of stagnation." It also points out the dangers of a rapid reduction of imports to ease the trade deficit, and admits the impossibility of a short-term increase in imports.

It is expected that points such as these will begin to be thrashed out in Washington this week in preparation for the visit of the IMF team to Lisbon next month.

Karamanlis and Ecevit to hold talks next month

BY OUR OWN CORRESPONDENT

ATHENS, Feb. 9.

MR. CONSTANTINE Karamanlis, the Greek Prime Minister, has agreed to meet his Turkish counterpart, Mr. Bulent Ecevit, next month to discuss problems dividing Greece and Turkey.

In a message to Mr. Ecevit, the text of which was released to-day, Mr. Karamanlis said he had no objection to a meeting which would provide an opportunity to reaffirm the two governments' desire to find just and reasonable solutions to the Cyprus issue and disputes over territorial rights in the Aegean Sea.

In his letter to Mr. Karamanlis sent earlier this month Mr. Ecevit suggested initial talks, without any rigid agenda, which would establish a climate of confidence between the two countries.

The issues dividing the two neighbours have twice brought them close to war in the last three years and the result has been a devastating arms race which is crippling their economies.

The success of the summit between the two Prime Ministers will depend a lot on the Turkish proposals to be submitted by the end of this month on the territorial and constitutional aspects of the Cyprus issue.

Greek and Turkish experts are also due to meet in Paris on February 12 to resume their talks on the delineation of the Continental shelf in the Aegean. The experts are studying international agreements and are trying to work out how these can be applied in the Aegean, dotted as it is by Greek islands, many of which lie close to the Turkish Anatolian coast.

Our Nicosia Correspondent adds: The Turkish side to-day started work on the drafting of its constitutional proposals for a Cyprus settlement but the indications are that these will merely be a "rehash" of the Turkish plan for "federation by evolution" put forward at the last round of intercommunal talks in Vienna in April last year.

The head of the Turkish Cypriot administration, Mr. Rauf Denktash, chaired a meeting of officials to discuss the draft proposals. Present to assist the Turkish Cypriots were Professor Mumtaz Soysal, a Turkish constitutional expert, and Mr. Turgut Tulumen, director of the Greek and Cyprus affairs department of the Turkish Foreign Ministry, who arrived in northern Cyprus yesterday.

Prof. Soysal has said that the Turkish proposals will not aim at the immediate creation of a fully-fledged federation, but will "leave this to evolution" over the years.

A Cyprus Government official described this as a "constitutional paradox" and recalled that when a similar plan was presented at the Vienna talks last April it was immediately rejected by the Greek Cypriot side and the settlement talks ended in deadlock.

Greek Cypriots see Turkish ideas on federation as amounting to a disguised form of partition, since there would be two separate states loosely linked together with a "symbolic" central government which would have no power to prevent a complete break of the two sectors in future.

The Turkish proposals, and others on the territorial aspects of the problem, are expected to be conveyed to the Greek Cypriot side at the end of this month or in early March. The U.N. Secretary-General, Dr. Kurt Waldheim, will then decide whether they provide a firm ground for resuming the stalled peace talks between the two communities under his auspices.

Strike cripples Spain's biggest colliery group

About 24,000 Asturian miners went on strike in the state-owned coal mines of Northern Spain yesterday to press for an across-the-board wage increase of Pts.9,000 ($105), Reuter reports from Orviedo. The 24-hour strike at the Hunosa Mines completely paralysed Spain's largest colliery group in the most important stoppage in the Asturian mines since a month of sporadic strikes in 1968. The unprofitable Asturian mines produce 80 per cent. of Spain's coal.

Madrid demonstration

Riot police fired rubber bullets and smoke bombs to break up a demonstration last night by about 2,000 people protesting against the sacking of a worker from a factory in the industrial suburb of Getafe, Reuter reports from Madrid. Demonstrators barricaded the street with cars and pelted the police with stones. Two policemen were injured in the clashes.

Ireland stoppage

Ireland's telephones and Telex strike yesterday went into its third day with warnings from the Republic's leading export organisation that the chaos is crippling export business, Giles Merritt reports from Dublin.

The president of the Irish Exporters' Association warned that losses of £1m. a day could be attributed to the strike.

French Left divided on tactics

BY ROBERT MAUTHNER

PARIS, Feb. 9.

THE FRENCH Socialist and Communist Parties, whose lead in the public opinion polls has been marginally reduced, remain at odds over their joint electoral tactics. There now seems little prospect that they will agree on a common Government programme, before the results of the General Election are known on March 19.

At a meeting last night, the executive committee of the Socialist Party rejected a proposal by the Communist leader, M. Georges Marchais, that negotiations on the common programme should be resumed immediately or at the latest after the first round of the election.

The Socialists consider that any attempt to hurry through the Common programme at this stage would be interpreted as pure electioneering by the voters.

But they do not entirely rule out some kind of common declaration between the two rounds of voting, expressing the parties' intention to form a Government if they win a parliamentary majority.

The Socialists are convinced they will be in a much stronger position to impose their views on the Communsts once the final results of the election have been announced.

A vital question mark hanging over the election is whether Communist candidates will stand down in favour of Socialist candidates in constituencies where the latter are in the lead after the first round. The outcome of the election depends on their willingness to do so, since no-one believes the Left can win if Socialists and Communists are still running against each other in the final round.

Though the Socialists have announced that they will withdraw in favour of leading Communist candidates whatever happens, the Communists have so far refused to give a similar undertaking.

Meanwhile, a public opinion poll published by the Paris newspaper Le Figaro to-day indicates a slight gain by the Government coalition parties. While the Left still has a substantial combined lead, its support dropped from 51 per cent. in January, to 50 per cent. on February 3, compared with a rise from 44 to 45 per cent. of those intending to vote for the Coalition parties in the first round.

OECD price rises ease

BY DAVID WHITE

PARIS, Feb. 9.

THE SLOWING down of inflation in the second half of last year was reflected in consumer price figures released to-day by the Organisation for Economic Co-operation and Development (OECD).

The 12-months end figure for the 24 member countries to the end of December last year was 8.3 per cent. up on the year earlier, down from the 1976-1977 rise of 8.9 per cent. In the second half of the year both unadjusted and seasonally adjusted figures show an increase of about 6 per cent., after reaching a peak of 11 per cent. in the early party of the year.

Narrowing gaps with the inflation rates of different countries shows the success of higher-inflation countries, in bringing down their rate of nominal wage increases, the OECD said.

The pattern reflected the severe winter last year in North America, coinciding with soaring tropical beverage prices and a rally in other non-oil commodity prices, the OECD said. The ending of these special factors, in conjunction with sluggish demand, led to sharp declines in spot commodity prices.

These were particularly pronounced for coffee, with falls of up to 50 per cent., and other tropical beverages. The decline in other non-oil commodities ranged from 10-15 per cent., the OECD said.

Switzerland aliens

The resident foreign population of Switzerland fell to the lowest level for ten years in 1977, writes John Wicks in Zurich. Excluding officials of international organisations, the figure was 932,743, or less than 15 per cent. of the total population. This compares with a peak of 1.06m. resident foreigners at the end of 1974.

Cutback urged in Swedish fibreboard

By William Dullforce

STOCKHOLM, Feb. 9.

THE SWEDISH wood fibreboard industry must reduce capacity by more than 40 per cent. Four factories will have to close before 1980 and approximately a third of the 2,600 labour force faces redundancy. On the hardboard side, capacity will have to be halved.

These are the main conclusions of the Government-appointed investigator into the industry, Mr. Johan Aakerman. The industry has been using only about 70 per cent. capacity and has been running at a loss for the past three years. Last year's loss is estimated to have been about S.Kr.45m. (£5m.).

Among the causes is the decline in Swedish housebuilding and growing competition on export markets from Southern Europe and South America.

Mr. Aakerman calculates that Swedish factories will be able to sell no more than 380,000-410,000 tonnes a year, of which a maximum of 100,000 tonnes could be placed abroad. These figures compare with a capacity of 660,000 tonnes.

He recommends a re-distribution of products among factories but proposes that four should cease hardboard production.

Meanwhile, Mr. Nils Aasling, the Industry Minister, said yesterday his Ministry needed more time to consider the future of Swedish shipyards. The report to Parliament scheduled for this month would be postponed until June. The Government is expected to recommend the closure of one or two more yards.

Iceland moves to cut inflation

BY JON MAGNUSSON

REYKJAVIK, Feb. 9.

THE 13 per cent. devaluation of the Icelandic krona is the first of a series of economic measures taken by the Right-of-Centre coalition Government to try to reduce the country's runaway inflation.

Foreign currency dealings in Icelandic banks will start again to-morrow. The Central Bank stopped all such dealings more than a week ago.

Mr. Geir Hallgrimsson, the Prime Minister, introduced in the Althing (Parliament) yesterday new anti-inflation measures. They are expected to become law to-day or to-morrow.

Government economists claim the new measures will cut the inflation rate by 5 per cent. It stood at 35 per cent. at the end of 1977 and it was estimated that it would reach 45 per cent. by this August if nothing was done to turn the tide.

When the foreign currency dealings start again to-morrow, the value of the dollar will be I.Kr.254 compared to 220 before the devaluation.

The value of the pound will be approximately I.Kr.492, the D-mark will be I.Kr.120, and the French franc I.Kr.52.

The causes of the enormous economic difficulties in this inflation-prone country include the 60 to 80 per cent. wage increase last year, and the 13 per cent. increase in fish prices in January, which has made Icelandic fish exports uncompetitive on foreign markets.

Fish exports are Iceland's main foreign currency earner and the suporting pillar of the country's economy. The fish industry could not meet the ever increasing wages and still stay competitive, and after fish prices were increased last month, everyone realised that devaluation was inevitable.

THE FOUR POWERS IN BERLIN

Soviets publish protest notes

BY LESLIE COLITT

BERLIN, Feb. 9.

THE SOVIET UNION has taken the unusual step of publishing the diplomatic protests it issued during the past five years to the three Western Allies in Berlin on alleged violations of the 1972 Four Power Agreement.

The three Western Powers—the U.S., U.K. and France—are studying the 365-page publication, which was issued jointly by the state publishing houses of the Soviet Union and East Germany. It is entitled The Quadripartite Agreement on West Berlin and contains East German protests over alleged West German violations of the Four Power Berlin Accord. As East Germany is not one of the signatories of the Berlin agreement Western diplomats see this as a further attempt to upgrade the East German role.

Western officials here say the Soviets are probably trying to confuse the West about Moscow's motives in releasing the texts at this time. One West Berlin commentator, however, darkly predicted that Moscow may be working up to demands that the Berlin agreement be revised.

The first Soviet protest published in the collection is one made to the Allies in July 1972, only a month after the four foreign ministers signed the Berlin agreement. It took issue with West German plans to extend an international agreement on the rescue of astronauts to cover West Berlin. The book shows that since then the Soviets have issued about 20 protests a year.

The only Western protest in the Soviet book is one delivered on January 11 last year by the three Allied embassies in Moscow. It sharply criticised East Germany's introduction of visas for foreigners entering East Berlin from West Berlin, arguing that this placed East Germany on the same level as West Germany. The Western allies said this amounted to "an alteration in the status of Greater Berlin" and thus was "a violation of the quadripartite agreement." Moscow flatly rejected the Western protest note, saying that the subject of the quadripartite accord is "solely West Berlin," a city with "a special status."

Allied officials here note that the Soviet publication has been preceded by a steady increase in the number of Soviet military patrols to West Berlin. Although the Western allies have always sent daily military patrols to East Berlin to underline one of the remaining rights they still exercise there, the Soviets until recently refrained from this practice in West Berlin. Now, however, Soviet military cars, with five soldiers to a vehicle, crisscross through West Berlin each day.

Although the Western allies here say they are "pleased" that the Soviet Union is utilising its Four Power rights in Berlin, there is some suspicion the Soviets might be seeking to encourage an incident involving its military patrols that would enable Moscow to demand an end to Western military vehicles entering East Berlin.

EUROPEAN NEWS

EC COMMISSION'S INDUSTRIAL POLICY

Success with 'lame ducks' could promote larger role

BY DAVID BUCHAN IN BRUSSELS

THE EUROPEAN Commission has long had ambitions to promote a European industrial policy, but until recently it had little success in persuading other governments or industry to accept its role in this field. The recession has forced everybody's hand, however, and the Commission has been virtually obliged, as a result of protectionist pressures, to pursue a more active part in dealing with the problems of threatened industrial sectors.

However, the Commission's ambitions do not stop there. From the Industry Commissioner, Viscount Etienne Davignon, downwards, EEC officials express the hope that if they can win the respect of the member states in dealing with the "lame duck" sectors, then they may be trusted to carry ahead with some cherished but long-thwarted projects in aerospace and computers, and other sectors where they feel there is some prospect of growth.

The EEC Industry Directorate has been musing along these lines since mid-1977. It was the EEC Heads of Government who at their Brussels summit last December—perhaps to relieve the gloom on every other front—gave it the spur by asking the Commission to report to the July '78 summit on "growth sectors." The Industry Directorate has jumped at the chance of being associated for a change with possible industrial "winners."

The new spirit of the Industry Directorate derives much from the buoyant activism of Viscount Davignon. Its Director General, Mr. Fernand Braun, says this is reflected in a recent flood of applications from other Commission services to fill new posts in the 130-man industrial policy department.

But what are the chances of the Commission getting the problem industries to put their respective houses in order? The Brussels view is that while these industries are clearly too important to be allowed to die, they need to readjust to their changed circumstances so that some time in future they can start paying their way again in the European market economy.

The Commission sees itself as trying to stop member governments, and companies, too, from throwing good money after bad and from attempting, Canute-like, to delay this adjustment. National Governments can of course reply that it is all very well unelected Eurocrats preaching in this rational vein, but they do not have to face elections made less winnable by plant closures and high unemployment. The present Commission belief is that it will earn the thanks of the member States in the long run.

If Commission estimates are anything to go by, the scale of the necessary readjustments is considerable. When the Commission publishes its revised "general objectives" for EEC steel up to 1985, expected in April, it will have to put some figures on its predictions. But M. Davignon has warned that 100,000 jobs of the present 730,000 workforce are in danger. Production capacity, already seriously underused, may rise over 210m. tonnes a year by 1980, according to recent investment surveys, while total EEC steel demand may not be more than 130m. tonnes in that year with another 15m. tonnes in net exports.

For shipbuilding, the estimate is more precise and brutal—a reduction in tonnage built in the EEC yards by 1980 of 46 per cent. from the admittedly good year of 1975. In addition, the present 165,000 strong EEC shipbuilding workforce will fall by 75,000 by the same year, with a possible loss of 30,000 jobs in related sectors. In synthetic fibres—not in decline, but temporarily threatened by overcapacity—the Commission reckons that even if no more plants are opened, there still will be surplus capacity in 1981.

The economical and political consequences will be painful. To get the member states to accept them, the Commission has proposed using its treaty powers (under the Treaty of Paris for steel, and the Treaty of Rome for other sectors) to forbid state aids and deny Community money to any expansion projects where there is no corresponding closure of capacity or "restructuring plans."

That is the public threat, in practice the Commission has wisely tended to use the private arts of persuasion (coupled with the promised carrot of EEC interest rate subsidies for companies that play the game according to Brussels rules). The result that, so far, is that there have been no great victories or defeats.

In the three particular cases in which the Commission has objected to steel capacity expansion, a new Italsider project in Calabria has been held up just as much by the governmental crisis in Italy, the future of the Port Talbot expansion has in any case been thrown into doubt by the British Steel Corporation's financial crisis, and an Irish steel plant expansion is still the subject of argument between Dublin and Brussels.

In shipbuilding, the test case has yet to emerge. M. Davignon has said the Commission would not allow a repetition of the U.K. Government subsidy used to win the controversial Polish ships order for its newly nationalised yards. In the petroleum refining industry—again far from being in long term decline, but with a present overhang of excess capacity—the Commission is thinking of asking member states to refrain from aiding any expansion for a period of two years. But until it actually does so, it avoids any stand-up fight with Britain, which has every intention of expanding its refineries to process more of its North Sea oil.

In synthetic fibres, the Commission may be near achieving its aim. Last year it asked Governments not to aid capacity expansion for two years. Having got a favourable reaction from most of them, it has now started talking to the 13 major companies in the European market—Montefibre and three smaller Italian companies, Rhone Poulenc of France, Bayer and Hoechst of West Germany, ICI and Courtaulds of the U.K., Akzo of Holland, Fabelta of Belgium and, interestingly, Monsanto and Dupont of the U.S. It wants them to freeze their capacity at September, 1977, levels, a request that all but the Italians are prepared to agree to.

Both the Italian Government and industry (mostly state-owned) argue that Italy entered synthetic fibres later than other EEC States and that therefore it is unfair to ask it to make equal sacrifices with the rest. Other member states make the same historical argument in different sectors.

The Commission response is that *effective solutions to sectoral crises* will require a temporary interruption in the natural redistribution process within the Community, such as the shift of European refining towards its major oil producer, Britain, or the industrialisation of the EEC's poorer regions such as the growth of the infant Irish steel industry. There is also the political point that exceptions for one member state have a way of becoming exceptions for all nine.

It is hard to deny the Commission a role in these problem sectors, particularly if it plays its cards right and relies more on *persuasion than on the legal* nastiness of its treaty powers. Why not let Brussels carry the can for unpopular, but necessary *decisions*? But assuming that the Commission comes out of all this, with a measure of credit and its "crisis management skills," well honed, does it have a part to play in other sectors of industry?

In sectors where there is no immediate crisis, few see the need for Brussels to meddle. One illustration was the announcement by the Commission in late 1976 that it would make a major study into the EEC car industry, arguing that by the early 1980s European car makers might be faced with a saturated home market and greater competition abroad. The study has got nowhere, with the industry *claiming* that the Commission was too pessimistic and that Brussels man-hours would be better devoted to more pressing matters.

There is another range of industries in which the Commission has already staked a claim. It is the science-based sector—nuclear energy, aircraft and computers—where national means or markets are too small to provide a viable base, and where development seems to make sense on a European level. Nuclear energy is special because of the powers given the Commission under the Euratom treaty. Research carried out under the Community aegis is important. If it were not so, Britain and its partners would not have fought so long or so bitterly over the siting of the JET *nuclear fusion project*.

In aerospace and computers, M. Davignon's task is to undo the damage done by the proposals of his predecessor in the EEC industry portfolio, Sig. Altiero Spinelli, and to get member governments to suspend their present disbelief that the Commission can make a practical contribution.

The Commission still wants the Community to have a direct role, but has scaled down its ambitions since the Spinelli days. Following earlier studies on computerised legal document retrieval and a kidney matching bank, the Council of Ministers last summer agreed to the spending of a small amount—less than 2m. units of account over several years—on research into portable minicomputers, *data protection and high speed communications*.

Nevertheless the Commission continues, harmlessly enough and maybe usefully, to extol the *need for common aircraft projects* to succeed those entered into by various member states in the 1960s. Its present efforts centre on the Franco-German *airbus, on trying to get Britain* involved in it and on wooing Italy away from a rival Boeing project and into a widened airbus programme.

There are real problems here, which no amount of Commission exhortation may overcome. EEC officials concede that their role is the indirect one of prodding the parties concerned *and cheering* on the sidelines. But they feel they can usefully lend their weight to trying to broaden the potential market for the airbus (*for which they see real commercial prospects*)—both by getting the smaller EEC states to buy it and by promoting its sales abroad.

Trying to broaden the market and maximise the commercial return for companies with heavy research and development costs to cover seems a sensible, and indeed *traditional, direction for* Commission industrial policy to take. It is, for instance, the approach being taken towards the European telecommunications *industry, where the Commission* is seeking no direct role, but is trying instead to promote discussions between Europe's national PTT administrations on harmonising future technology and persuading them to look beyond their national frontiers before deciding what to buy.

Even EEC officials are prepared to admit that they face considerable obstacles already in trying to get proposals in a fast moving commercial area through *a slow moving Council of* Ministers. One instance cited is the 1975 plan for a European "real time" computer language, for use in automated machinery, which after two years of council inaction had to be withdrawn when developments by the U.S. Department of Defense had overtaken it.

"It is no business of civil servants to go picking winners either between sectors of industry or between products," says *one British official*. This is echoed by officials from other member states who feel the Commission should not try to put itself in the place of Europe's industrialists. Clearly M. Davignon and his Industry Directorate face an uphill task, if they want to realise the full range of their ambitions.

Ministers to meet in Copenhagen

By Hilary Barnes

COPENHAGEN, Feb. 9.

DANISH PRIME Minister Anker Joergensen to-day sent a letter to President Sadat of Egypt on behalf of the EEC countries, Mr. K. B. Andersen, the Foreign Minister, announced at a news conference here to-day.

Although Mr. Andersen *would not reveal its contents*, he said that the Middle East would be one of the topics to be discussed at the one-day meeting of the EEC's Foreign Ministers, *which is to be held* in Copenhagen on Tuesday. He said it was unlikely the Foreign Ministers would make any initiatives on the Middle East or issue a new EEC declaration.

Mr. Joergensen's letter is in reply to that written to the EEC by Mr. Sadat on December 27.

Mr. Andersen announced that during the period of Denmark's EEC chairmanship he will visit Japan on behalf of the EEC to stress the importance attached to improve trade relations. Trade will not be discussed at Tuesday's meeting.

The other two main issues *for next week's* meeting will be the Belgrade conference on security and co-operation in *Europe and Africa*. The Foreign Ministers are expected to discuss their attitude to a closing document from the Belgrade conference, if indeed any agreement can be reached on one.

The situation in the Horn of Africa, Rhodesia and Namibia are also expected to be raised at the meeting.

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Schmidt coalition faces test on key issues

BY JONATHAN CARR

BONN, Feb. 9.

Chancellor Helmut Schmidt

CHANCELLOR HELMUT Schmidt's coalition Government is facing early tests on two key issues which have come close to splitting it before—the future financing of pensions and *the prevention of* terrorism.

If mishandled, either of these could bring severe difficulties *for the Social Democrat (SPD)* —Free Democrat (FDP) alliance, and conceivably even topple the Government.

At present, Herr Schmidt's sweeping Cabinet reshuffle last week, bringing new faces and removing some old ones which had become a liability to the coalition, appears to have won widespread public approval.

But this could quickly dissipate *if the SPD-FDP allows it*self the luxury of a continued squabble on the pensions issue, or fails to vote solidly behind proposed anti-terrorism measures due to come before the Bundestag next Thursday. There is some danger that either or both could happen.

At stake on pensions is how to secure solid financing in an era of slower economic growth. Contributions to pensions funds have fallen with the economic growth rate and the increase in the number of unemployed.

The Government is now faced with the prospect of a huge deficit in the early 1980s unless it either cuts the increase in the annual payout, or raises contributions to pensions insurance or does a bit of both.

The coalition partners have long been arguing over the solution. Leaders held a three-hour meeting on the topic under Herr Schmidt yesterday. No answer is palatable but delay gives ever greater scope to the opposition to play on the coalition's difficulties.

It was the pensions issue which bedevilled the first days of the SPD-FDP coalition following the general election.

On terrorism, the Government is preparing *to put before* Parliament a package of measures which is insufficiently strong for the opposition and quite possibly too tough for the SPD's left wing.

PRINTING INDUSTRY DISPUTE

A question of technology

BY ADRIAN DICKS IN BONN

WHEN Herr Ruediger Niemann, the director of the West German Federation of Newspaper Publishers (BDZV), told a Press conference here on Wednesday that he feared the development of "an English situation" in the industry's labour relations, there were knowing nods all round. Yet the tension between printers and employers that has once more flared up this week, stopping publication of 21 major morning newspapers yesterday, has long since passed the point where one could say that Germany, so often seen as a model of good sense in industrial relations, has handled a delicate issue any better than anyone else.

The issue is the introduction into newspapers, magazines and general printing of computerised, cold-type setting and composing technology in place of hot metal. It has not proved easy to resolve in any country where a situation comparable to that in West Germany exists—the determination of craftsmen with skilled jobs under the hot-metal process to hold on to their present levels of wages and their high status in spite of the abolition of most of the equipment *they now work with and the* introduction of the new technology.

Serious talks between the three employers' federations and *the unions began late in 1975*. These were followed in the spring of 1976 by a series of strikes over wages that both reflected the printers' concern at *the long-term prospects* and also did much to weaken the basis of trust.

Negotiations began in November, 1976, and continued until last month. During this time the employers' and union representatives managed to work out the main provisions of an agreement that might, had it been adopted, have served as an example both for other industries in West Germany threatened by technological change and for other countries where the printing sector is tackling similar problems.

The final stages of this negotiation were marked by a number of warning strikes in mid-January, which hit leading newspaper and magazine printing plants. Herr Leonhard Mahlein, president of Industrie Gewerkschaft-Druck und Papier, the Printers' Union, described these at the time as "an unavoidable spilling-over of feelings" on the part of his members in composing rooms.

It has since become embarrassingly clear that Herr Mahlein and his colleagues on IG-Druck's national executive gravely underestimated the strength of these *feelings. For in spite of the* fact that IG-Druck, together with representatives of the journalists' union (DJV) and two unions representing white-collar, salaried staffs in the industry (the DAG and the HBV), had given its assent to the draft agreement reached in the long negotiations, it was formally repudiated by the IG-Druck leadership on January 31.

At the same time, the employers were invited to open fresh negotiations on eight new points, several of which (according to the employers' leaders) would unravel the complex compromise represented by the draft agreement of which IG-Druck itself was one of the architects.

On Wednesday, the employers denounced strongly this volte-face by the IG-Druck leadership, and declared that new negotiations had no chance of success. They refused to consider any form of resumed talks until the union's set of fresh demands was withdrawn. Predictably, IG-Druck hit back by accusing the employers of seeking to worsen the situation, and by calling out members on "warning strikes" at selected newspapers.

In an official statement, the IG-Druck national executive also said the employers' organisations had "constructed a fabric of lies" over the negotiations and over *IG-Druck's conduct*—though it did not reply specifically to the very detailed account of the process and of the IG-Druck leaders' own behaviour provided by the employers.

Although the employers' hard line is directed against Herr Mahlein and his colleagues, they are in no doubt that it is pressure from the rank and file that has made the union leaders back away from an agreement that IG-Druck's own members' magazine described as a "breakthrough."

The heart of the problem appears to be unconditional insistence by many rank and file IG-Druck members that they alone should carry out setting, correcting and page composing work on the computer keyboard terminals and the TV screens. On the new equipment, these will replace the linotype machines and physical arrangement of type in formes of the present technology.

Further, the union wants absolutely firm guarantees that it will be able to control future entry into all the jobs concerned, and that the jobs themselves will continue to be classified and paid as craft jobs.

The employers compares this claim scornfully to the futile attempts of the railwaymen to instal firemen on the footplates of electric locomotives, and they *have warned the printers that* the package agreed last month must be taken or left as a whole. The package is, on any reckoning, a generous one.

It guarantees that no skilled printer will lose his job and that IG-Druck members will have first choice of the jobs of setting and composing with the new *equipment. Incomes will be* guaranteed for a period of years up to present basic rates both for those who stay in the industry and for those who have to leave it.

But what the printing employers have absolutely refused is the principle that the present power IG-Druck holds through its members' craft status should be maintained perpetually. They want to see the setting and keyboard work under the *new* technology formally designated as a clerical occupation.

What has evidently encouraged the employers to take a hard line now has been the agreement of *the DAG and the HBV*, the two clerical unions, to sign the contract rejected by IG-Druck. This would appear to open the way for the stalling of new, cold-type *printing plants by members of* those two unions, and for the by-passing of IG-Druck.

The DAG leadership, in a statement of its own, has bitterly attacked IG-Druck for selfishly refusing to consider the interests of any group of workers involved in the lengthy negotiations apart from its own members.

There is still a question mark over how the DJV, representing most journalists, will decide to react, as well as over the degree *of support* that IG-Druck might hope to get from the Deutsche Gewerkschaftsbund, the counterpart of Britain's TUC. As both sides prepare to dig in for a *long struggle, the advantages* seem mainly to lie on the side of the publishers.

OVERSEAS NEWS

ETHIOPIA

Conflict within and without

By James Buxton in Addis Ababa

WAR AND revolution in Ethiopia are proceeding at a ferocious pace. Yet the one seems almost independent of the other. While the armed forces, including large contingents of militia, fight to regain the Somali-populated Ogaden and stave off secessionist guerillas in Eritrea, a campaign officially described as "red terror" is being waged in the capital against the regime's internal enemies.

The "red terror" can mean arrests, deportation to the countryside for farm work or nightly shootings. The bodies are left on the streets for an hour or so next morning as a warning to Ethiopians to support the military Government and its Marxist-Leninist policies.

There is considerable elation about the success Ethiopian forces are reported to be having in the Ogaden. Yet hard news is sparse and what there is can do little to dispel the tension and fear of a city where countless families have lost sons and husbands, not only in battle, but in Addis Ababa where they were considered counter-revolutionary. Unofficial figures put the number of victims of red terror at up to 700. Some estimates go higher.

Gains

Nothing is done to conceal this gruesome aspect of the latest phase of the revolution. Past outbreaks of bloodshed on the streets have at times been officially acknowledged as mistakes, but the red terror is stoutly defended as essential to protect the gains of the revolution. Four years have transformed this country ruled by an emperor and aristocracy into something approaching a Marxist-Leninist state.

The gains of the revolution are in fact considerable. The abolition of landlords in a country where up to three quarters of a peasant's produce once went in rent has greatly improved life for farmers. The establishment of associations both for peasants and urban dwellers has created a basis for self-help in such projects as protecting agricultural land against erosion and building rural schools. In the towns, it has enabled kindergartens, cottage industries, sports grounds, health clinics and literacy campaigns to be established in a sudden surge of activity to end centuries of backwardness.

But no revolution could expect in four years to make more than a small impression on the economic dualism of this country where a small, modern sector exists side by side with some of the world's worst poverty. The turmoil has released the latent forces of separatism in this highly diverse land, while Ethiopia's pre-occupation with revolution last year enabled both the Somalis in the east and the Eritreans in the north to make sweeping military gains.

The red terror campaign called last autumn to counter "white terror" is in fact a power struggle which the military leadership and its preferred group of civilian Marxist-Leninist politicians appears for the moment to have won. The Ethiopian Revolutionary People's Party (EPRP), believed to be responsible for the assassination of government officials, is by all accounts drastically weakened. Several, though by no means all, its leaders have said to have defected or been caught.

Confidence

Ethiopians who are not versed in Marxist-Leninist phraseology (hundreds have been sent for ideological training in Eastern Europe and the Soviet Union) rarely seem to open their mouths these days: and the Derg—under its chairman, Lt. Col. Mengistu Haile Mariam, can feel secure enough, leaving aside personal rivalry, to attend primarily to directing the war.

Ethiopian confidence has been boosted by the immense help it has received from the USSR and the other eastern bloc countries which have in the past few months poured weapons by sea and air. But Somali claims that the reported 3,000 Cuban military personnel in the country engaged in frontline combat are strenuously denied here.

The estimated 750-1,500 Russian military advisers, on the other hand, do little to conceal their presence. Their sophisticated radio station is on the outskirts of the city and they can be seen around the entrance to the Ministry of Defence and the Grand Palace, the Derg's headquarters. Ethiopians know the Russians have so far done them a good turn but naturally want to retain their independence. But in the view of Western observers here, the Russians may be here for some time to come.

Pulp mill contract

Rauma-Repola Oy has signed a contract for the delivery of the machinery for a pulp mill in Onsania, South Korea, Lance Keyworth writes from Helsinki. The contract, worth Fmks.70m. (over £9m. at the current exchange rate) calls for completion of the machine deliveries by January, 1979. The planned annual capacity of the mill is over 100,000 tonnes of bleached pulp. Installation work is to be completed by the end of 1979.

Prospects improve for a major loan to help Zaire

BY MARY CAMPBELL

MAJOR developments in Zaire's long-running fight to solve its external financial problems may be in the offing. An IMF team has been in Zaire preparing a third stabilisation plan and there are now prospects that the long-mooted $300m.-$250m. international bank loan to keep its export industries going will be signed in mid-March.

The Governor of Zaire's central bank is currently in Brussels. It is believed that the question of further aid from the Belgian Government is under discussion. He is also dealing with the documentation for the Eurocurrency loan.

The IMF, according to international bankers, sent an advance mission to Zaire last month to help prepare the statistical and other information necessary before decisions could be taken on Zaire's third stabilisation programme.

Last April, two financings totalling about $93m. were concluded with the IMF: an SDR45m. standby credit and an SDR38.25m. compensatory financing. Both of these were for a year and would have to be repaid or renegotiated before April.

At the end of last year Zaire had not yet drawn about SDR40m. (about $53m.) of the standby facility.

The programme is expected to involve further drawings on the IMF. There is considerable speculation in international banking circles over the conditions the IMF is likely to lay down.

Some sources suggest that, given the lack of success of the two previous programmes in anything but the short term, the IMF may go for a more stringent and longer-lasting programme this time round.

One possibility is that a more or less permanent IMF mission may be set up in Zaire to help with institutional re-organisation during a programme which could last for three years.

There is some speculation that Zaire may devalue its currency. There have been rumours that it is considering a substantial devaluation.

Zaire cannot cut its essential imports so a devaluation would be unlikely to help the balance of payments by cutting imports. But it could give a momentary boost to exports by releasing stocks of coffee held up-country by people awaiting a devaluation.

The position on the Eurocurrency loan is that a management group is in the process of being formed. The first meeting of banks managing the loan (managers are being expected to provide $5m. each) will be held within the next two weeks.

It is hoped that the loan will be signed by mid-march. Provided it repays the arrears on its previous commercial bank loans, it can then start using the funds to pay suppliers of essential goods for the export industries.

Mrs. Winnie Mandela sentenced

By Bernard Simon

JOHANNESBURG, Feb. 9.

MRS. WINNIE MANDELA, the wife of imprisoned African National Congress leader Nelson Mandela, was to-day sentenced to six months' imprisonment suspended for four years on each of two charges of receiving visitors without permission and attending a social gathering in breach of her banning order.

Mrs. Mandela, who was last year banished from her home in Soweto to the small Orange Free State town of Brandfort, was acquitted on three similar charges.

Delivering judgment in a Bloemfontein court, the magistrate, Mr. C. P. J. Steytler, said it was not necessary to find that Mrs. Mandela had conversed with visitors before she could be convicted. Once visitors were in her house, he said, it would be difficult to determine whether a conversation had taken place. Mr. Steytler said it was clear that some of Mrs. Mandela's visitors came to Brandfort last May specifically to see her, and the fact that she undertook not to talk to them did not absolve her.

● KRUGERRAND gold coin sales during January reached an all-time record of 669,000 according to Intergold, the marketing arm of the South African Chamber of Mines. Overseas sales for the month were 661,000 coins and local sales 8,030.

Indian air negotiators for Europe

By K. K. Sharma

NEW DELHI, Feb. 9.

INDIA'S DEFENCE Minister, Mr. Jagjivan Ram, has announced that a negotiating team is soon to visit Britain, France and Sweden to discuss the proposal for setting up plants in India to manufacture a deep penetration aircraft for the Indian Air Force. Preliminary talks on this have been held with the manufacturers of the Jaguar, the Mirage and the Viggen.

Mr. Ram said yesterday in Madras the decision to acquire the new aircraft was based on the need to replace the Indian Air Force's existing squadrons. It was felt that manufacturing facilities should also be established, he said. Purchase of the aircraft will thus be dependent on licensing rights as well as the willingness of the manufacturers to buy back a substantial part of the components.

However, it is understood that the aircraft are no longer high on the Government's list of priorities because of the improvement of relations with Pakistan and the belief that Islamabad does not pose the same threat to India that it did in the past.

Nevertheless, if suitable terms are available for manufacture of the aircraft, the Government will go ahead with plans

Wali Khan charge of contempt

By Simon Henderson

ISLAMABAD, Feb. 9

THE MAN considered the most likely candidate as Pakistan's next Prime Minister, Khan Abdul Wali Khan, has been summoned to appear in the Supreme Court to answer the charge of contempt.

Wali Khan was amnestied last July by the military ruler, General Zia ul-Haq, from charges of conspiracy and treason brought by the deposed Prime Minister, Mr. Bhutto. He has since complained at the original Supreme Court decision which upheld a ban on his now defunct National Awami party. A petition brought by a local lawyer held that Wali Khan had brought the Supreme Court into disrepect by saying the court had blackened its face by giving its original verdict 4 years ago.

The editors, publishers and printers of two Rawalpindi newspapers have been summoned with Wali Khan to answer on February 25 the charge of repeating the remarks which the Chief Justice of Pakistan said amounted prima facie to contempt.

A similar complaint brought by a Karachi lawyer, not present in court, was also admitted for hearing, and representatives of three Karachi newspapers which published the remarks have also been summoned.

U.S. visit boosts Sadat's morale

BY ANTHONY McDERMOTT

THE VISIT of President Sadat of Egypt to the United States appears to have restored his morale and confidence that the U.S. is committed to making intensified and serious efforts to obtain progress in political talks between Egypt and Israel.

This emerged at a Press conference given at Heathrow Airport during a two-hour stopover and in talks with Mr. James Callaghan, the Prime Minister. The two leaders talked alone for 40 minutes and were later joined by Mr. Mohammed Kamel the Egyptian Foreign Minister, and Dr. David Owen, the Foreign Secretary.

Mr. Sadat had arrived from Washington, and left for Hamburg where he is to have talks with Mr. Helmut Schmidt, the West German Chancellor.

The Egyptian President said that before he had gone to Washington he had been "disheartened and discouraged" by the lack of response from Israel Kamel the Egyptian Foreign to his peace initiatives. But the U.S. visit had given him encouragement for a new momentum in peace proposals.

Mr. Sadat said he had come to thank Mr. Callaghan for the support he had received from British public opinion for his initiative last November of travelling to Jerusalem. He said he had come also to put Mr. Callaghan "in the full picture" about developments in peace negotiations since the two had last met recently in Aswan. Mr. Callaghan, who has good relations with both Mr. Sadat and Mr. Menahem Begin, the Israeli Prime Minister, has been playing a useful if subsidiary role in negotiations between the two countries.

Mr. Sadat said that Mr. Alfred Atherton, the U.S. Assistant Secretary of State, would be returning to the Middle East to shuttle between Cairo and Jerusalem to prepare for a resumption of the political talks, from which Egypt had withdrawn its delegation.

He acknowledged that the two outstanding problems in the political talks remained the question of the Palestinians and the Israeli settlements in Sinai.

Louis Fares adds from Damascus: The results of the presidential referendum here were announced on Thursday. Ninety-seven per cent. of the 4.1m. electors turned out at the polls and of these 99.6 per cent. voted in favour of renewing the 7-year mandate of the only candidate. President Hafez Assad.

Wafd party head emerges

BY MICHAEL TINGAY

CAIRO, Feb. 9.

ONE OF Egypt's most prominent pre-revolutionary leaders, Mr. Fouad Serageddin Pasha, will become leader of the new Wafd party, which was given permission to establish itself last Sunday. Egyptian newspapers reported to-day.

The new party is the fourth party to come into being since President Sadat introduced the multiparty system in November 1976. It takes its name from the delegation (wafd in Arabic) led by Zaghlul Pasha which was to have gone to London in 1918 to urge Britain to grant independence to Egypt.

The three parties within the People's Assembly till now have failed to reflect accurately political trends, just as the Arab Socialist Union, the single legal party from which they were drawn, failed previously. The new Wafd with its pre-revolutionary associations commands genuine popular support, albeit from middle aged and elderly Egyptians.

The revival of the party with its new, post-revolutionary manifesto is also an ostensible challenge to President Sadat, who last year said that "the defeatist mummies of the past" would never be brought back.

ISRAELI PUBLIC OPINION

Living with the Sadat initiative

BY DAVID LENNON IN TEL AVIV

ISRAEL HAS slipped back into the familiar concerns of daily living. The seamep and the postmen are on strike. There is a row over the banning of a television film which is bound to excite the public for weeks to come. The feverish pitch of peace-making has slowed down almost to the verbal crawl to which the nation is accustomed.

President Sadat's dramatic initiative in November seemed likely at one point to force Israel into making sweeping and fateful decisions. But the government responded along traditional lines and the prospects of a quick breakthrough have faded into stalemate.

The Egyptian leader's taboo-breaking visit to Jerusalem should have prompted from Israel a radical new approach to resolving the Arab-Israeli dispute. But Israel was not ready. Old fears and new aspirations combined to frustrate the spirit of the Sadat initiative.

The Jews' long history of persecution makes them cautious and suspicious. Having finally created a state of their own and then captured more land to give it defensive depth, the people are very reluctant to take any risks which they feel might endanger their security.

In the past thirty years the Israeli nation grew up with the belief that territory gives security. Suddenly to abandon this concept and to exchange it for the concept that peace depends on the goodwill of neighbours, is too big a mental jump for most Israelis to make within days, or even weeks.

Mr. Menahem Begin, the Prime Minister, epitomises this attitude. He is not against Peace. He would be very happy to sign a peace agreement with Israel's neighbours. But he is against taking any risk to achieve that peace.

The imagination and daring which has characterised Israel's army is matched on the political level by stultifying conservatism. Israel's politicians believe that the country should rely on its own strength for its security. They do not trust international guarantees. They do not want to be dependent on other nations' promises.

Mr. Sadat's call for a new and bold approach to the Middle East dispute evoked both admiration and suspicion among Israelis. They were full of admiration for his personal courage in breaking with Arab enmity or positively from his Arab brethren, but they were also suspicious of his motives and fearful that his new attitude would not be shared by his successors.

A large number of Israelis, possibly a majority, would have supported a generous Israeli response to the Sadat gesture. Though few would agree to a total withdrawal from the occupied territories.

The peace plan put forward by Mr. Begin was basically a formalisation of the type of arrangement which Israel has been working towards since overrunning Egyptian, Jordanian and Syrian territory in the 1967 war.

It is not generous, it does not reflect any new thinking; it is cautious; but it expresses the national reserve about territorial concessions. Above all it demonstrates that Israel is not prepared to take even the slightest risk in the quest for peace.

The plan came under attack from both the right and left wings of Israeli politics. The right, most of them long serving comrades of Mr. Begin, accused the Prime Minister of conceding too much territory and protested that self-rule for the Palestinians on the West Bank and Gaza Strip meant giving up part of the historical land of Israel. The left said the plan was too niggardly and said the West Bank and Gaza would be turned into a Bantustan-type protectorate under the Begin plan.

The right and centre politicians were particularly concerned about the fate of Israeli settlements built on occupied territory since 1967.

The highly vocal opposition to abandoning any Jewish settlements brought to bite deep into the soul of Mr. Begin. Some observers say he was shocked at the depth of opposition he encountered at a meeting of his own Herut party last month.

Whatever the cause, the Prime Minister began to take an increasingly public hard line on the retention of the settlements. The cabinet approved a decision to "enlarge" the existing Jewish villages in Northern Sinai. This was done in the midst of the negotiations, and its timing shocked not only the Egyptians and the Americans, but also a large percentage of the Israelis. Many Jews felt it displayed a lack of goodwill.

The decision on the Sinai settlements, and the determination to continue building more Jewish villages on the West Bank led many people abroad to doubt that the Israel government has peaceful intentions. Both President Sadat and President Carter were clearly angered.

At home, the opinion polls have been recording a drop in popularity for the Prime Minister, and a drop in the number of people who support continued settlement activity.

Mr. Begin's speeches since assuming office last June aroused Jewish pride. But there is a growing, though still limited feeling, that there is a major gap between his declarations and the needs of the moment, and that his hair splitting approach is out of tune with new reality.

This may explain to some extent the upsurge in popularity of Mr. Ezer Weizman, the Defence Minister. He is generally regarded as a straightforward, no-nonsense man who is capable of abandoning outmoded doctrines and taking the gamble needed to bring an end to over 30 years of intermittent warfare.

But there is a long way to go before Mr. Weizman can hope successfully to challenge Mr. Begin, who understands that the bulk of the population prefers the security arrangements it knows to the untried security arrangements it is being offered.

The Prime Minister believes that President Sadat is so committed to achieving peace that he cannot afford to fail. Mr. Begin is convinced this gives Israel the upper hand. So he is sticking to the plan which he offered at Ismailia which he believes Mr. Sadat will eventually have to accept after perhaps a few minor adjustments by Israel.

There is no indication that the Israel government is currently considering any other options. Only serious American pressure could force a change. But so far Washington has restricted itself to ineffectual verbal and moral scolding.

Only if President Sadat stands firm, and the next round of American shuttle diplomacy fails totally, will the Prime Minister come under real pressure. Only then will Israel begin to examine other options seriously.

AMERICAN NEWS

Brown wary of Marines' plan to build Harriers

By Our Own Correspondent

WASHINGTON, Feb. 9.

OPEN scepticism about the U.S. Marines' plan to build up to 450 advanced versions of the Hawker Harrier vertical take-off fighter aircraft was expressed last night by Mr. Harold Brown, the Defence Secretary, in testimony before Congress.

The Secretary, whose reservations about the aircraft have been widely suspected, said: "I left it open . . . I essentially said, 'prove it' . . . that it has operational advantages that offset its deficiencies." He was responding to a question about his reasons for cutting the 1979 budget for development of the advanced Harrier from $160m. as requested by the Marines to $80m.

He was testifying before a Defence Appropriations subcommittee of the House which has considered the Harrier issue several times. The Marines bought 110 AV-8A Harriers in the early 1970s, but since then, 28 have crashed and 10 pilots in them have lost their lives.

The Marines continue to insist that the crashes have not been the fault of the aircraft but of inadequate pilot training, and are seeking to buy 450 more of a much-altered Harrier built in the U.S. and called the AV-8B.

However, the Defence Secretary has halved the budget request for this programme, and only two AV-8B prototypes will be built. Also the Pentagon is proposing to purchase more A-4M Skyhawks and to commit some $50m. to a new programme to investigate vertical take-off aircraft, which would "provide the Navy with multi-mission ship-based tactical aircraft for the 1990s and beyond."

These two programmes have given rise to suspicions that it is now likely that the Pentagon will not go ahead with the purchase of a large quantity of AV-8Bs, which would mean considerable sub-contracting and other work for British Aerospace. The current work on the alterations to the harier is being done by McDonnell Douglas in California.

The Secretary's reservations about the Harrier are understood to centre on this belief that although it was a great advace when first introduced, the technology has advanced so that it should be possible now to build an aircraft which can do all that the Harrier can and much more. He is apparently not convinced that the AV8B will be advanced enough for a period ending in the 1990s.

New York recovers from heavy storm

By Our Own Correspondent

NEW YORK, Feb. 9.

NEW YORK CITY has been recovering from the worst winter storm to hit the city for 31 years. By late yesterday all three major airports in the Metropolitan area—Kennedy International, La Guardia and Newark—had re-opened, and this morning rail services on commuter lines into the city and subways were back to normal.

The city's main streets, many of which were clogged for days after a snowstorm in January, have been cleared much more quickly this time, partly because of the better warning of the approaching bad weather from forecasters.

But if New York has been getting back to normal smoothly, the same cannot be said for other areas of the north eastern United States. New England States, in particular suffered far greater disruptions, with Boston experiencing a 27-inch snowfall. New York received 17 inches.

On Tuesday there were reports of looting in areas of the city. Last night national guardsmen were on patrol to guard against another outbreak. There were also reports of looting in Providence, Rhode Island, where 38 inches of snow fell and where the state of emergency declared earlier in the week was extended again yesterday.

U.S. seeks 5% growth and expansion abroad

BY DAVID BELL

WASHINGTON, Feb. 9.

THE CARTER Administration believes that the U.S. economy ought to grow by about 5 per cent. in real terms this year to sustain the present economic recovery without exacerbating inflationary and other strains.

Mr. Michael Blumenthal, the U.S. Treasury Secretary, made this clear to-day in testimony before the Joint Economic Committee of Congress. He also stressed once again that the U.S. believes that "strong domestic economic growth in major industrial societies is a prerequisite to achieving better international balance."

Although Mr. Blumenthal did not mention West Germany by name, his testimony was clearly intended to be another attempt by the Administration to persuade the Germans to expand their own economy faster. This American pressure on West Germany has now become a significant cause of friction between the two countries.

Yesterday Dr. Carl Carstens, president of the West German Bundestag, told reporters in Washington that he opposed deficit spending to stimulate more domestic growth in Germany. He also implied that continuing American pressure on the German Government to reflate was counter productive.

But Mr. Bluemthal insisted today that it was "important that other strong nations join us in comparable efforts if we are to sustain economic recovery throughout the industrial world." The U.S. fully acknowledged that it had to do more to restrain demand for oil, but it was still determined to keep the economy expanding at a healthy rate.

Significantly, although Mr. Blumenthal argued strongly for the President's proposed $25bn. tax cut which, he said, would ensure "solid" growth for the balance of this year—he scarcely mentioned the President's tax reform plans which, Mr. Carter has hitherto insisted are an integral part of the tax cut strategy. This may suggest that the administration is already tacitly accepting that most of these reforms will be quietly smothered by Congress.

The Treasury Secretary said that he was fully aware that large rises in social security taxes, already approved, and the effect of inflation on tax rates would increase the tax burden of Amricans significantly in the next two years. But the tax cut would more than offset this "drag" on the economy without rekindling inflation.

At the same time the investment tax credit changes and the cut in corporate tax rates should have a significant impact on the capital spending plans of major companies.

Mr. Blumenthal noted that the recent U.S. intervention to support the dollar appeared to have "stabilised" the situation and appealed to Congress to pass quickly th legislation authorising the U.S. to take part in the so-called Witteveen $10bn. supplementary financing facility to help countries with balance of payments difficulties.

This legislation has been taking an unusually long time to wend its way through Congress and there are now some fears that it could run into serious opposition. Similar legislation has had difficulties in the past but some observers fear that this time, they may prove less easy to resolve.

Banks consider phone network

BY STEWART FLEMING

NEW YORK, Feb. 9.

THE AMERICAN Bankers' Association, the U.S. banking industry trade association, is looking at the possibility of setting up a private telephone network to link the 15,000 commercial banks in the U.S.

The announcement of this investigation is another indication of the potential competition with American Telephone and Telegraph (AT and T) has some measures the largest U.S. corporation, which has an effective monopoly of the U.S. telephone market.

The Bankers' Association has estimated that commercial banks are spending as much as $500m. a year on telephone calls, between 20 and 40 per cent. of which are inter-bank calls. AT and T itself has suggested that the figure could be $700-800m. in revenues related to banking.

The banks are examining whether they could save money by providing their own service, which would by-pass the telephone companies or could alternatively be based on leased lines.

A factor behind the banks' move could be a prediction that the industry will be making increasing use of telephone services as it modernises banking technology through the increasing electronic transfer of funds.

Already some banks have set up private telephone services for their own use, joining other big businesses which have been taking advantage of legal decisions which have opened the telecommunications market to competitors of AT and T.

Mine union internal row

BY STEWART FLEMING

NEW YORK, Feb. 9.

A FIST FIGHT broke out yesterday between the bodyguard of the United Mine Workers (UMW) president, Mr. Arnold Miller, and the vice-president of Union District 17 while Mr. Miller was visiting the district headquarters in his hometown of Charlestown, West Virginia.

The district vice-president, Mr. Cecil Roberts, is one of the young and articulate miners who have been highly critical of Mr. Miller's leadership of the union, and increasingly outspoken about his stance in its negotiations with the coal companies during the 66-day coal strike.

The outburst is another indication of the mounting bitterness among some rank-and-file miners as they learn more about the terms of a tentative settlement of the strike reached earlier this week.

That settlement already has run into trouble with union leaders on the UMW bargaining council—the 39-man committee which must approve a settlement before it can be put to a vote for ratification by the union's 160,000 members.

On Tuesday, the council refused to ratify the proposed settlement until full details were available. Yesterday and to-day, the negotiating teams were working on the final wording, but a further meeting of the council has yet to be organised.

The delay in moving from a tentative settlement to final ratification is in itself a problem in bringing the longest strike in the union's history to a close, since it gives mine leaders opposing the settlement time to rally support.

Dominion Bridge

DOMINION BRIDGE, part of the Canadian Pacific Group, expanding in fact its U.S., earned $C37.5m., or $C3.53 a share in 1977, against $C29.4m. or $C2.77 a year earlier on sales of $C596m. against $C532m. The company has two U.S. subsidiaries, Amca and Aamtel, and specialises in steel construction and steel products, Our Montreal staff reports.

Consumer Bill defeated

BY OUR OWN CORRESPONDENT

WASHINGTON, Feb. 9.

THE CARTER Administration's proposal to set up a new Government agency specifically to watch over the interests of consumers was soundly defeated in the House of Representatives last night.

The Bill, which would have created a central office with a $15m. budget to inject the consumer viewpoint into the Government decision-making process, was originally the brainchild of Mr. Ralph Nader, the consumer advocate, and had strong support in the Senate.

However, lobbyists for the U.S. Chamber of Commerce and other organisations successfully persuaded a clear majority of the House that the new agency would merely add another layer of "red tape" and increase the amount of regulation of business to no purpose.

Mr. Richard Lesher, president of the U.S. Chamber of Commerce, said that the House had heard the "voices of the American people who are weary of too much government in their lives—too much protection, too much of what other people think is good for them." The defeat of the Bill means that it will almost certainly not be introduced again until next year, if then.

U.S. company highlights Page 22

ITT record results; Kodak cuts prices; New supplier for Corco.

Moves start to counter Sadat

By Our Own Correspondent

WASHINGTON, Feb. 8.

THE POWERFUL supporters of Israel in the U.S. have begun to mobilise in an effort to undo some of the damage that may have been done to their cause by Persident Sadat's successful trip to the U.S. which ended last night.

Mr. Moshe Dayan, the Israeli Foreign Minister, in an emotional speech in New York State last night, insisted that Israel had kept its word to President Carter about new settlements in the Sinai. He said that he "felt bad," about recent U.S. press comment on Israel, and told his audience that it was Egypt and not Israel that was being "obdurate."

The tone of Mr. Dayan's remarks was unusually defensive, perhaps in recognition of Israeli concern at President Sadat's remarkable success in his conversations in Congress and his television appearance in putting the moderate Arab case.

At one point Mr. Dayan even said that the American Jewish community should keep out of the Israeli negotiations with Egypt. "I hope no American Jewish group will try to help the Carter administration to mediate between Egypt and Israel," he said. He expressed "admiration" fo rthe U.S mediation role thus far, but said that the issues were for Israel and Egypt alone to settle.

Israel's friends on Capitol Hill have meanwhile already begun an intensive campaign to press President Carter to scale down or preferably to cancel the administration's apparent commit-

$2.5m. damages against GM

DETROIT, Feb. 9.

DAMAGES totalling $2.5m. were awarded to the parents of Mr. James Cash, aged 20, who was killed when the fuel tank of his 1972 Chevrolet Chevelle exploded after the car was struck in the rear.

The plaintiffs argued that the rear location of the fuel tank on the General Motors car was inherently unsafe. Virtually all U.S.-built cars have fuel tanks in the rear.

This was the second major jury verdict in the U.S. within three days, awarding damages because of explosions of rear-end fuel tanks. A California jury awarded nearly $128m. on Monday to a teenager who was burned and disfigured in the 1972 crash of a Ford Pinto. Ford Motor has said that it will appeal against that decision.

Mr. Donald Shely, the attorney for GM in the Cash case said that GM would appeal. "There is no vehicle in the world that could withstand a crash of that impact," he said.

The lawyer for the plaintiffs, Mr. Peter Barbara, said that the jury apparently accepted his argument that all cars with fuel tanks in the rear are unsafe. The verdict sets no legal precedent, however, he said.

GM argued that the high speed at impact of the car which struck the Chevrolet caused the explosion, not the location of the fuel tank.

Mr. Barbara said that he had proved in court that a fuel tank above the rear axle would be safer, and that GM had not put it there because to do so would add $10 to the cost of a car.

AP-DJ

Japan-EEC trade talks have poor prospects

IT WILL not be easy to bring Japan's forthcoming trade talks with the EEC to a mutually satisfactory conclusion, because Japan has already "exhausted" the concessions it can offer to its foreign trade partners in its present round of negotiations with the U.S.

This is the view of the Japanese Foreign Ministry which is preparing to receive a senior Brussels bureaucrat, Mr. Bendict Meynell, for the opening round of talks next week. Mr. Meynell will probably conduct four days of discussions with officials from Monday to Thursday next week.

His task will be to map out a schedule for further negotiations which the EEC hopes will culminate with the issue of a joint statement similar to the Ushiba-Strauss declaration which ended Japan's discussions with the U.S.

Another of Mr. Meynell's tasks will be to draw up a "balance sheet" on where EEC-Japan relations stand to-day. This means that he will be reviewing results so far achieved by the Community's attempts to get Japan to modify its trading practices in certain areas.

The Foreign Ministry says that Japan's Ambassador in Brussels was told, after this week's meeting of EEC Foreign Misters of the topics the EEC is most concerned to take up in Tokyo.

They include: "opening up" Japan's distribution system, increasing imports of manufactured goods, relaxing foreign exchange controls, increasing foreign aid and expanding the *list of items on which Japan proposes* to make tariff cuts in advance of cuts made by other participants in the Geneva Multilateral trade talks.

They also hope to discuss expanding imports of *footwear*, skiboots and silk yarn (all subject to controls), simplifying customs clearances procedures, simplifying the testing procedures for chemicals, pharmaceuticals and medical instruments, and guaranteeing "orderly exports" of Japanese goods to Europe.

The presentation of this list of topics followed by Mr. Meynell's despatch to Tokyo, represent the opening move in the EEC's campaign for a two-way trade settlement with Japan. Further stages in the same process will involve a visit to Tokyo by Sir Roy Denman (Director General for External Affairs) in early or mid-March and probably a visit to Tokyo by Vice President Wilhelm Haferkamp in late March.

The programme bears a close resemblance to the one drawn up by the U.S. for its Japanese trade negotiations, with Mr. Haferkamp evidently cast in the role played by U.S. Presidential trade negotiator, Mr. Robert Strauss.

Japan is aware of the similarity but apparently neither amused nor impressed by it. It is stressed in Tokyo that the Strauss-Ushiba declaration already included a number of concessions aimed at the EEC rather than the U.S.

Japan is also nervous that if it gives in to the European demand for a two-way trade settlement other trading regions, such as South East Asia, may ask for similar treatment.

Part of the EEC's objective may be to satisfy itself that Japan really means to carry out commitments extracted from it by the U.S.

Another specific issue on which Japan may be able to satisfy the EEC is the proposed purchase by Toa domestic airlines of the A-300 European Airbus.

There could also be progress on technical areas such as inspection procedures, but Japan seems to feel that it has gone as far as it can for the time being in making unilateral tariff cuts and in enlarging importing quotas. For this reason the outlook for the approaching talks is sombre to say the least.

THE U.S. International Trade Commission (ITC) said yesterday that it had found 11 Japanese producers of welded stainless steel pipe and tube in violation of fair pricing and trade standards, Reuter reports from Washington. The four-two vote resulted from a complaint filed with the ITC by nine U.S. steel companies. The Commission must now make recommendations for relief to President Carter by February 24.

Decline in Dutch gas exports

By Charles Batchelor

AMSTERDAM, Feb. 9.

DUTCH GAS exports fell slightly in 1977 marking the first decline since Holland became a major gas producer in the early 1960s. Exports were two per cent. lower in volume than in 1976 at 50bn. cubic metres and were 2bn. cubic metres below planned levels.

Domestic sales rose one per cent. in the year to 44.1bn. cubic metres so that total gas sales were one per cent. lower than in 1976 at 94.2bn. cubic metres. Higher domestic sales of 47bn. cubic metres had been forecast to bring total sales to 99bn.

Gas exports were not expected to begin declining until 1980 as Holland allowed export contracts to lapse so that reserves could be saved for high value domestic use. But sluggish levels of economic activity and the mild winter have depressed sales.

Much depends on the level of economic recovery in the current year but the national gas distribution company, Nederlandse Gasunie, expects total 1978 sales to be about the same as in 1977. This would represent a drop of nearly 8bn. cubic metres on earlier planned levels.

Gas exports were forecast to be round 52bn. cubic metres a year between 1976 and 1980 when they would start to fall off sharply until they cease altogether around 1997.

Austria awaits Soviet orders

BY PAUL LENDVAI

VIENNA, Feb. 9.

WITH MAJOR Soviet orders in the offing, the Austrian Press today suggested a "real breakthrough" in Soviet-Austrian economic relations as a result of this week's visit by Chancellor Bruno Kreisky to Moscow.

The Soviet side promised to show a constructive attitude on the 56 important projects presented by the Austrian delegation.

One of the most significant and promising deals is a special steel tube plant to be erected in the Soviet Union by Voest-Alpine, the foremost nationalised steel concern, in co-operation with the German company.

The contract would be worth Sch.4.8bn. (about £165m.) with Voest's share accounting for Sch.3bn. The Austrian firms are also interested in getting major orders as subcontractors in the construction of a new world trade centre in Moscow.

It is estimated that such orders alone could total Sch.2bn. Ships, including ice-breakers, machine tools, electrical products and cables are other setcors where the Austrians are pressing for deals.

Two potentially important domains are nuclear engineering, with Austria planning to deliver components for nuclear reactors, and the motor industry. The Steyr-Daimler-Puch company hopes to engage in the joint production of large lorries on the pattern of a similar joint venture with Poland.

According to the annual Austrian *trade statistics* just published, Austria had a visible trade deficit of Sch.3.8bn. in exchanges with the Soviet Union last year. While exports in 1977 were up by 8.5 per cent. to Sch.4.6bn., imports jumped by 11.6 per cent. to Sch.8.4bn. Basic materials and energy accounted for 85 per cent. of the Austrian purchase.

As experts reckon with a rise of the Austrian deficit to Sch.6bn. or even more by 1980 the Austrian Chancellor took the initiative in proposing high level talks about the imbalance.

The final communique yesterday on this week's visit explicitly stressed that both sides would strive to put bilateral trade on a more balanced basis. A large Austrian economic delegation headed by Mr. Rudolf Sallinger, president of the Federal Chamber of Economy, will visit Moscow in March to finalise new deals intended to reduce Austria's deficit *vis-a-vis* the Soviet Union.

Ireland may get Russian zinc plant

BY GILES MERRITT

DUBLIN, Feb. 9.

IRELAND is considering a Soviet offer to build a £100m.-*plus zinc smelter in the Republic*, in return for which the USSR would have guaranteed low-priced supplies of refined zinc *from* Europe's largest lead-zinc deposit.

The Soviet offer, which has been referred to Ireland's Industrial Development Authority for "serious examination," is in direct competition with an American project for building a smelter to give added-value to the estimated 85m. ton Navan orebody outside Dublin.

Almost a year ago the previous Irish Government chose New Jersey Zinc, part of the Gulf and *Western Group, as the major* shareholder and operator of a smelter in which the state would probably have a 25 per cent. stake.

The Fianna Fail Government that took power last July has been noticeably unenthusiastic over the U.S. deal. Although it is now studying the feasibility report that New Jersey Zinc submitted at the beginning of this month, it has revealed that the Soviet counter-offer has been under discussion since last December.

Precise details of the Soviet offer have not been revealed. The most important question is the proportion of the smelter's output that would be earmarked for the USSR.

The New Jersey Zinc project is understood to have envisaged a unit producing 100,000 tons of zinc a year, but as that would require only a third of the Navan orebody's projected full output of 1m. tons a year, there is speculation that the Soviets may be invited to consider a smelter large enough to satisfy their requirements as well as Ireland's need for down-stream industries.

Causeway plan for Bahrain

By Our Own Correspondent

JEDDAH, Feb. 9.

DESIGN WORK for the vast causeway, *which will link the* island of Bahrain with the mainland of Saudi Arabia, will be completed within six months, Majed Jawad Al-Jashi, Bahraini Minister of Works, Water and Electricity in an interview this *week with the Jeddah newspaper,* Al-Jazira, said that the placing of the $825m. causeway construction contract will commence immediately afterwards.

The design work is being handled by Saudi-Danish consul*tants*. Danish experts are preparing design plans for the 12 km. of bridges and 10 km. of causeway, while their Saudi partners have undertaken studies for 10 km. of roads in Bahrain, a further 40 in the kingdom, 13 *interchanges and a customs* house.

The formation of a Saudi-British consortium to bid for the causeway and a related contract to build a permanent town of 5,000 inhabitants was announced last autumn by Adnan Khashoggi, head of the Triad group of companies.

Seven-Up plan

PRODUCTION OF Seven-Up soft drink is to begin early this summer in Egypt, Mideast Report said.

The New York-based publication said the drink would be produced by a newly-formed company called Cairo Beverages and Industrial Co., with capital *equivalent to $15.18m.* AP

Ailing shipbuilders urge State to give relief

BY DOUGLAS RAMSEY

TOKYO, Feb. 9.

JAPAN'S ailing shipbuilders held official talks with the Government to-day against the background of Japan's fourth shipyard bankruptcy so far this year.

The Shin-Yamamoto Dockyard company has filed bankruptcy papers declaring debts of about Y15bn. The Kobe shipyard's failure followed cancellation of orders worth an estimated Y2bn.

In Tokyo meanwhile, the representative of Japan's 23 leading shipbuilders put before the Ministry of Transport a list of suggestions on ways to alleviate the crisis facing many Japanese yards which have about 9m. gross tons of work in back orders, enough to keep all yards operating at capacity for less than six months.

Mr. Hisashi Shinto, president of the Shipbuilders' Association of Japan, formally petitioned Mr. Muneto Shashiki, director of the Ministry's ship bureau, for relief in the form of government subsidies.

Mr. Shinto also proposed that the Government extend incentives for a "scrap-and-build" programme, to encourage domestic users to scrap old vessels and order new ones.

According to Press reports, over-capacity in the shipbuilding industry was not discussed at to-day's meeting despite earlier reports that Mr. Shinto would push for a plan to scrap between 50 per cent. and 60 per cent. of existing capacity in return for Government subsidies.

Mr. Shinto did, however, press the Government in to-day's talks to step up its own purchases of vessels (notably for the marine self-defence force) as well as the establishment of a fund to guarantee the yards against foreign exchange losses.

Mr. Shashiki, for his part, gave no reply to-day, nor did he indicate whether the Ministry would press to have shipyards put on the list of "recession" industries covered by legislation now passing through the Diet which might ultimately afford special subsidies to the ailing sectors.

Ironically, Mr. Shinto does not represent the smaller shipyards which have so far borne the brunt of recession in the Japanese industry.

Shin-Yamamoto Dockyard, like 100 or so other small shipbuilding companies, are not represented by the shipbuilders association but, taken together, the small yards account for 3m. gross tons annual capacity, or more than 15 per cent. of total Japanese new building capacity.

Date set for China pact

TOKYO, Feb. 9.

THE Foreign Ministry has confirmed that Japan and China will sign a long-term trade agreement in Peking on February 16 which will boost their two-way trade by $20bn. over eight years. The agreement will run from 1978 to 1985 and will involve imports by Japan of Chinese crude oil and coal, and exports of industrial plant, construction materials and equipment.

A Ministry spokesman stressed the estimated $10bn. of each way trade resulting from the agreement will be in addition to present bilateral trade. The Japan External Trade Organisation (JETRO) announced that this trade rose 14.9 per cent. last year to $3.48bn. on a customs clearance basis.

Reuter

China can have computers

BY DAVID BELL

WASHINGTON, Feb. 9.

CHINA has accepted a *series of* conditions specified by the U.S., and will shortly take delivery of its first major computer system sold to the Peking government by the west.

The Chinese have bought three Hitachi computers at a cost of up to $12m. for use in weather forecasting, but the sale was delayed while its strategic implications were considered by the 15-nation co-ordinating committee for export controls on strategic goods (Cocom) which is based in Paris.

Some members of the organisation are understood to have reservations about the sale, partly because, as originally proposed, the computer could have capacity in excess of their specification. In the past, Cocom has objected to some computer sales, most recently the sale of a larger CDC computer requested by the USSR and which was also to be used for meteorological purposes.

On this occasion, the U.S. played a leading role in Cocom and proposed that the Chinese agree to a reduction in the memory capacity of the computers' auxiliary devices and also to the stationing of Hitachi technicians on site in China for three years to make sure that the machines are not used for military purposes.

It has become common for *Cocom to insist that technicians* be used in this way, so that the organisation can at least be sure that, for the first three years of its life, a computer is not used for other than the stated purpose. Siemens, IBM, ICL and control data are among the companies which have stationed technicians abroad in line with this policy.

It is conceded here that it is difficult to draw the line between computers, like the one sold two years ago for an Aeroflot reservations *system*, which are for peaceful purposes and those which can be used for defence. In practice, Cocom officials acknowledge that most computers can easily have military applications, but they do not consider *this to be a sufficient* reason to ban sales.

Cocom is composed of 14 leading industrial nations which have agreed that the sale of any equipment considered to be strategic must be unanimously approved.

Eximbank criticised on S. Africa

BY OUR OWN CORRESPONDENT

SEVERAL CONGRESSMEN today criticised the continued involvement of the U.S. Export-Import Bank in South Africa as "morally indefensible and economically unsound" at a special meeting on Capitol Hill.

Congressman Andrew Maguire, a New Jersey Democrat who heads an *ad hoc* congressional caucus on South Africa, said that economic pressure was the strongest lever that could be used against the Pretoria regime and the *only* way to jerk the country and its Government out of its preset "suicidal cocoon."

Since 1964 Eximba, which provides loans and loan gurantees to back U.S. exports, has been barred from making direct loans to South Africa but Congressman Stephen Neal, chairman of the House Banking Subcommittee, said to-day that this ban had been ineffective and that insurance and loan guarantees had climbed from $43m. in 1971 to $115m. by last year.

HOME NEWS

Sun Alliance to raise motor premiums despite pay row

BY ERIC SHORT

SUN ALLIANCE and London Insurance Group intends to push ahead with its proposed increase in motor premium rates from April 1, in spite of the dispute with the Government over its pay settlement.

Mr. Geoffrey Bowler, chief general manager, reaffirmed yesterday that this rise would be implemented as planned. The Department of Trade had approved the increase last autumn in the normal way, he said.

The company considered this rise as a normal commercial operation and in no way affected by the recent request by the department to consider a cut in its premium rates. It had been thought that the department might block the increase, but yesterday it was not prepared to comment.

Sun Alliance proposes to make its staff pension scheme non-contributory. The effect of this when combined with a pay increase, will take its wage settlement beyond the 10 per cent. limit.

The company claims that this is allowed in the lifting of restrictions on pension scheme improvements, but this is disputed by the Government. The Department of Trade is seeking to impose the provisions of the Counter Inflation Act, 1973, to reduce the company's overall premium income by the amount of the alleged excess payment.

The company previously increased its motor premium rates on April 1 last year by an average of 5-6 per cent. It has now become established that motor insurers revise their motor rates every 12 months to take account of the cost and frequency of claims. However, Mr. Bowler was not prepared to comment on how much rates were being increased by this time beyond saying that it was a variable figure.

Sun Alliance insures nearly 300,000 motorists and is not a leading private motor insurer. Figures being circulated in the market suggest an average increase of 12½ per cent. for standad private motor business and 16 per cent. for its special plan, providing limited comprehensive cover.

The British Insurance Association has agreed with the Department of Tade on a formula for assessing motor premium rate increases. This has been in use for at least five years and takes into account such factors as the incidence of claims, their average cost, expenses of the account and the expected rate of inflation over the period under consideration. The inflation rate is usually based on that provided by the Economic Advisory Group to the association.

Sun Alliance almost certainly would have followed this pocedure. In the past, motor insurers have found the department most helpful in dealing with rate increases.

Last year motor premium rates ose by an average of 15 per cent. So far this year only two main motor insurance companies have announced rate increases. General accident lifted its rates by 9 per cent. on February 1, and Bradford-Pennine, a member of the Phoenix Group, by an average of 12½ per cent. for private motorists.

Guardian Royal Exchange and the Co-operative Insurance Society—two other big insurers—ae due to revise rates on April 1, but have still not decided on the final amount of increase, although Department of Trade approval has been obtained.

Steel stocks at five-year 'low'

BY ROY HODSON

STOCKS OF steel have fallen to their lowest levels for five years, reflecting the deep international slump in demand.

Meanwhile, steel production in Britain averaged 331,300 tonnes a week in January—26.2 per cent. down on January last year, according to joint figures prepared by the British Steel Corporation and the British Independent Steel Producers' Association.

Stockholders are reporting reductions of stock in their warehouses to a fraction of the levels normally maintained for trading. Industrial customers are cutting their steel inventories and relying on the ready availability of steel to maintain a flow of raw material to their plants.

New Department of Industry figures reveal that stocks of steel held by industry and stockholders fell to 16.9 weeks' supply at normal usage during the fourth quarter of 1977. The usual level of stocks in Britain has been about 18 weeks' usage.

Consumption of finished steel in Britain fell to a low level, provisionally estimated at 3.88m. tonnes, in the last quarter of last year. This compares with 3.98m. tonnes in the third quarter and more than 4m. tonnes during the final quarter of the previous year.

At the end of last year, consumers' stocks of steel on hand were 4.08m. tonnes and stockholders' stocks 0.96m. tonnes.

Imports of steel rose steadily during the year from 0.6m. tonnes in the first quarter to 0.83m. tonnes in the last. Imports are expected to fall sharply during the present quarter, however, as the Davignon plan and the British ban on imports of Russian steel begin to bite.

British Steel's policy of loading available orders for steel on to its best plants, while continuing to negotiate with the unions for the early closure of several old plants shows up sharply in the latest area steel output figures.

In Scotland, where many old plants are short of work, British Steel production averaged only 22,200 tonnes a week in January, compared with an average 37,400 tonnes a week last year and nearly 30,000 tonnes a week as late as last December.

Production in Wales (mainly strip steel) averaged only 70,000 tonnes a week in January.

New battle in grocery price war

By Our Consumer Affairs Correspondent

THE BAT Industries supermarket subsidiary International Stores is expected to launch a major initiative in the price war among grocers on Monday. The promotion is thought to involve price cuts on a range of branded items and, an extention of International's own range of "Plain and Simple" non-branded products.

The move, heavily backed by advertising, follows a warning from the chairman of International Stores last week that the price war was going to reduce supermarkets' profits severely.

It is understood that International new package will involve an overall reduction in gross margins. There has been speculation that International, which was one of the chains to pick up the Green Shield trading stamp franchises dropped by Tesco last summer, could not afford to trade on lower margins as well as giving stamps.

The indications are, however, that International will continue giving stamps for the time being and that Green Sheld, which is itself to launch a new catalogue on Monday, will be involved in the new promotion.

Accounting plan may be voluntary

By John Moore

THE GOVERNMENT is exploring ways of how current cost-accounting proposals could be made voluntary for a 'rial period for small businesses until the future taxation treatment of stock becomes clearer.

Speaking at a chartered accountants' dinner last night, Mr. Kenneth Sharp, head of the Government Accountancy Service, said that small businesses with a turnover of less than £1m. would be required to prepare one set of accounts only.

"The profit and loss account would be drawn as at present to show historical cost profit, but would then lead, through a cost-of-sales adjustment and an additional charge for depreciation, to current cost profit."

The Government is still considering the format of the balance sheet, which may be designed to include both historical and current cost of fixed assets and stock. The latter values are normally calculated by use of indices.

Cost of sales adjustment would normally be calculated by the averaging method, applied on an annual basis.

The Government is considering whether it is appropriate to recommend a gearing adjustment for small businesses.

Retail Consortium forecasts 10% rise in prices for year

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE RETAIL trade forecasts that prices will rise at an average of 10 per cent. this year and although consumer spending will improve, many sectors will have a hard time.

Profit margins will remain under pressure and, as a result, retail investment will recover more slowly than might be expected at a time of increasing sales.

The Retail Consortium, which says it represents more than 90 per cent. of retailers is asking the Chancellor to cut direct taxation in the Budget to give new relief for investment in retailing, and introduce a single rate of VAT. It also wants bad-debt relief for VAT and changes in Capital Gains Tax to help small businesses.

In its newsletter, the consortium says that retail sales were very depressed last year and that margins were eroded.

Increased competition among multiple retailers, it says, has tended to exert even greater pressure on the independent trader. In many sectors "the rate of store closure is giving cause for concern."

It forecasts that retail costs will rise faster than the prices of the goods sold in the shop this year. While it acknowledges that the trade will benefit from a real increase in consumer spending, many sectors "will continue to suffer hardship."

The recovery in consumer spending, it says, has been slower than anticipated because of the delays in wage settlements and some stimulus should be provided over the next few months.

The consortium takes a gloomy view about employment. The Government's hopes for increased employment may not be realised, for, even if there is an improvement in investment, some of this will be in plant which is less labour intensive than that which it is replacing.

The overriding need, the consortium says, is to reduce direct taxation. This is the only way to achieve sustained economic growth.

Scottish CBI says wage drift could bring rise in inflation

BY RAY PERMAN, SCOTTISH CORRESPONDENT

INFLATION COULD be rising again by the end of the year unless the drift of wages settlements upwards from 10 per cent. is resisted, the Confederation of British Industry in Scotland warned yesterday.

The Scottish Council expressed concern about deals now being negotiated, particularly the one in the engineering industry.

Mr. Alan Devereux, chairman, said that the offer made by the Engineering Employers' Federation, even if it was accepted by the unions, could be extremely inflationary.

"There is no doubt at all that the rate of inflation is going to fall to 8 or 9 per cent. But it is equally certain that, with the way wages levels are pushing against what seems to be a 10 per cent. norm, we are going to have a higher rate of inflation before very long."

Mr. Devereux said that CBI members were encouraged by the decision by miners' negotiators to accept 10 per cent., and by the fact that nine out of ten Scottish workers who had settled so far had accepted 10 per cent. or less.

Nevertheless, employers wanted new safeguards during the next pay round. Settlement dates should be synchronised and there should be an attempt to reach a national concensus about what the community could afford to pay.

The Council also called for a restoration of the balance of power between employers and unions. Companies should aim for greater solidarity, unions should be made more accountable and the Government should review income support to strikers so that strike action became a last resort rather than a first resort.

The Council also condemned Government sanctions against employers who break the pay code. "We are sympathetic to the Government's aims but it should give more power to industry rather than clobbering firms for exceeding a pay policy that is not very well defined," Mr. Devereux said.

"The economy is balanced on a knife-edge and it would not take very much to push it over into a wages explosion."

£2.5bn. keeps workers warm

IT COSTS about £2.5bn. a year to keep Britain's workforce at the statutory maximum level of warmth, according to the monthly publication, Energy Management.

The magazine published by the Department of Energy, says that most buildings were designed when energy was plentiful.

Distillers to appeal over ruling

BY KENNETH GOODING

DISTILLERS COMPANY is to appeal against the European Commission ruling that some of its trading practices were unlawful.

The Commission's decision led to price increases on some brands in the U.K. and Johnnie Walker Red Label and Dimple Haig being withdrawn from the British market.

Distillers said last night it would take the case to appeal at the European Court of Justice in Luxembourg. The matter "is of such commercial importance, we feel it should be tested by law."

The appeal could take from 18 months to two years and, in the meantime, the ruling will make no difference to U.K. consumers.

"It does not affect the commercial decisions we took immediately following the findings of the EEC Commission last December," Distillers said.

Threats of further Commission action against Distillers seem to have subsided. These appeared to relate to Distillers' threat to withdraw further brands from the British market if its price increase application had been turned down by the U.K. Price Commission. But the increases were given the go-ahead with minor changes.

The legal arguments in Luxembourg will centre on Distillers' contention that, although it might have infringed "free trade" regulations in the EEC competition law by operating a dual-pricing system for Scotch in the U.K., other regulations permitted its actions.

Specifically, Article 85 (3) permits some practices if they help to increase the production or distribution of the product in question, while allowing consumers a fair share of the benefits.

Bass predicts low-calorie lager boom

BY KENNETH GOODING

BASS CHARRINGTON predicted yesterday that the next section of the beer market to show rapid growth will be that for "Lite" or low-carbohydrate products which appeal to the health-conscious drinker.

It claimed sales of its Hemeling Lite Lager, launched last May, were now equivalent to 1½ per cent. of the total lager market even though it was on sale only in cans and bottles.

Hemeling would be the first beer sold in small containers in British history to reach a sale of 100,000 bulk barrels (or 2.88m. pints) in its first year, Mr. John Newcomb, director of marketing says.

The brand is to be introduced on draught in the Midlands next Monday as the first stage of a campaign to make it available nationally in this form.

It will be backed by £900,000 of advertising, equivalent to more than £8 a barrel or 0.36p a pint, compared with Bass's major lager brand, Carling Black Label which gets £1.8m. of advertising support, equivalent to about £1 a barrel.

Mr. Newcomb suggested that within ten years Hemeling would become "a 1m. barrel a year brand," a level achieved by very few of to-day's beers.

While the lager market in total would continue to increase—Bass is sticking to its forecast that lager will account for one-third of all beer sales by 1980 and 40 per cet. by 1985—the "Lites" would eventually take 10 per cent. of the lager market.

"By 1990 half the beers Bass produces will be of the lager type," he added. The group already has five brands including Hemeling, Carling, Tennants, Tuborg Pilsner and Tuborg Gold.

Behind the growth in the "Lite" beer market, which has been a phenomenon in the U.S., is the tendency for younger drinkers to prefer light products of all types.

This has helped vodka and white rum in the spirit sector.

U.K. car figures drop in January

By Our Industrial Staff

THE IMPACT of prolonged strikes at Merseyside car plants is reflected in production figures for January, released yesterday by the Department of Industry.

Provisional estimates of U.K. output of cars for the four weeks to January 28 are put at 113,000, compared with 121,000 in the equivalent month last year.

Production was hit by the press shop strike by 1,000 Ford workers at Halewood, which is estimated to have cost around £30m. in lost output of Escort cars during January.

The strike at Leyland Cars' Triumph plant, Speke, meant that no TR7 or Dolomite models were built during the month.

Failure of U.K. manufacturers to produce vehicles was one of the main factors allowing imported cars to capture more than 50 per cent. of the home market last month for the first time since last September.

However, the Department of Industry figures show that output on a seasonally adjusted basis for the three months to January this year was 3 per cent. higher than for the previous three months.

Leyland bus warning on manning

By Terry Dodsworth, Motor Industry Correspondent

A WARNING that manning levels will come under "close scrutiny" in the heavy vehicle division of the Leyland Truck and Bus business was given yesterday.

It was contained in a critical analysis of the division's performance in the latest edition of the company newspaper.

This points out that Leyland has been unable "to match the sales efforts of its competitors" in recent years, and has suffered a fall in its market share from 17 per cent. in 1973 to 13 per cent. last year.

It goes on: "In a nutshell, 1977 was not a good year for the heavy vehicle division. Nearly 1,600 vehicles were lost as a direct result of damaging strikes, while strikes at suppliers caused further disruption.

"Manufacturing efficiency was lower than levels which were achieved in the past and targeted improvements from investment in new machines were not achieved.

"In 1977 the division achieved 69 per cent. of its production programme, a shortfall which represents the loss of customers, spares sales and repeat orders to competitors, and a serious dent to profitability. This, of course, means borrowing more heavily to finance investment programmes."

Peugeot starts finance concern to aid sales

By Terry Dodsworth

PEUGEOT U.K. is establishing new financing facilities for its dealers and customers in Britain as part of the expansion campaign which led to a sales growth of 25 per cent. for the company last year.

A new company, a subsidiary of PSA Peugeot-Citroen and Mercantile Credit, is to be called Anglo French Finance.

It will begin trading within about three months and will offer facilities to dealers to finance wholesale stock, and to customers for the purchase and leasing of Peugeot vehicles in the U.K.

Peugeot also announced yesterday that it is to enter the light commercial vehicle market in Britain with its van derived from the 304 car.

● SKODA, the East European car manufacturer, has entered the competitive battle for cheap car finance with a scheme for free credit for customers buying Skodas between now and the end of March.

The scheme, which is similar to one already launched by Colt, the Japanese car importer, will be operated in conjunction with United Dominion Trust. For one-year hire purchase agreements there is no interest charge. On two-year agreements the flat rate of interest is 4 per cent.

CEGB to build nuclear station in Lancashire

By David Fishlock, Science Editor

THE Central Electricity Generating Board confirmed yesterday that it plans to build its next twin-reactor nuclear power station at Heysham, Lancashire.

Its decision follows the Government's announcement last month authorising the Board to order one advanced gas-cooled reactor (AGR) station as soon as possible.

The CEGB was granted statutory planning consent and a nuclear-site licence in 1969 for four AGRs at Heysham, having a total capacity of about 2,500 MW.

Work began on the first two reactors in 1970, the first of which is expected to be in commercial operation early in 1981. At the peak of construction of the new reactors, towards the mid-1980s, 1,800 people are expected to be working on site.

British Airways' profits hit by industrial disputes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PROFITS for British Airways in first nine months of the 1977-78 financial year dropped sharply because of industrial disputes culminating in last autumn's air traffic control assistants' strike, which cut air traffic to and from the U.K. by 40 per cent.

Announcing its financial results for the nine months to the end of September, the airline said yesterday that total revenue was up from £920m. in the comparable period of the previous year to £1.01bn., because of increased summer traffic and some higher fares.

But the gross profit, before interest and tax, was down from £107m. to £89m., and the net profit from £36m. to £32m.

For the third quarter of the airline's financial year—the three months from October to December—revenue was up from £288m. to £313m., but the gross profits dropped from £23m. to £18m., and the net profit from £6m. to £5m.

The nine-months results also cover the period during which the airline was operating with a reduced fleet. Its 25 Trident Threes were grounded after the discovery of fatigue cracks in their wings.

The effects of this were masked by the reduced flying caused by the air traffic control assistants' strike. But the airline had to charter aircraft from other operators to make up the number of seats.

British Airways said yesterday that the sharp fluctuations in exchange rates for foreign currencies during the first nine months did not affect the operating results, but the recent weakening of the U.S. dollar had eliminated any charge to profits in the period on long-term borrowings.

Boeing men meet U.K. executives

A TOP-LEVEL team from Boeing yesterday met senior executives from the U.K. aerospace industry and Government officials to discuss the U.S. company's proposed new airliner programmes for the 1980s, writes Michael Donne, Aerospace Correspondent.

The talks included Mr. Tex Boullioun, president of the Boeing group's Commercial Airplane Company, senior executives of Rolls-Royce, led by Sir Kenneth Keith, chairman; the National Enterprise Board, British Aerospace, British Airways, and the Departments of Industry and Trade.

The meeting was primarily intended to give U.K. officials their first briefing on Boeing's plans for new civil airliner programmes for the 1980s and beyond.

They will now be able to assess the Boeing plans in greater detail, with a view to possible purchases by British Airways and other U.K. airlines, and possible collaboration with Boeing on manufacture of aircraft involved.

Although no details of Boeing's submissions have been revealed, it is understood they involve two new aircraft — a twin-engined, medium-range 180-200 seater, described as a "727 derivative," and a replacement for the short-range 737 jet, also twin-engined, seating 140-160 passengers. Rolls-Royce wants to get its engines into both programmes.

Boeing believes that the world market for the 727 derivative aircraft could amount to 750 to 1,000 aircraft by 1990, while the market for the 737 derivative could amount to 500 to 800 aircraft.

£8.4m. Yemen jets deal

THE independent airline, British Midland Airways, has been awarded a contract worth $16.25m. (£8.4m.) to operate two Boeing 707 jets for Yemen Airways Corporation, the flag airline of the Yemen Arab Republic, writes Michael Donne, Aerospace Correspondent.

The contract runs initially to the beginning of 1980. It is the largest awarded to British Midland, which has specialised in air transport services for overseas airlines lacking the aircraft and expertise to run their own operations.

Under the present contract, British Midland will base the two Boeing jets at the Yemen capital, San'a, and run scheduled services linking Yemen with neighbouring Middle East countries. It will also inaugurate a new service to Europe, serving London and Paris.

Mr. Michael Bishop, managing director, said yesterday that since the British Midland Leasing Service started in 1973, it had earned more than $53m. (£27.5m.) in overseas currency, with 25 airlines in the Middle East, Africa and the Far East using the service.

The company also said yesterday that it had won an extension of an existing leasing contract with Kuwait Airways, worth £1.9m., covering three Boeing 707s.

Boeing 727 is world's best-selling jet

THE Boeing 727 short-to-medium range jet airliner is now the world's best-selling jet airliner. Orders topped 1,500 this month, with an order from Air Canada for five of the advanced version of the jet, worth over $70m.

The 1,500th aircraft order was received by Boeing 14 years to the day after the first 727 entered service on February 1, 1964 with Eastern Air Lines of the U.S.

The aircraft continues to outsell all other jets. During 1977 orders for 727s totalled 134, and there is a backlog of 188 undelivered aircraft.

The 1977 orders for the 727 represented 38 per cent. of all free-world commercial aircraft sales for that year.

April start for new airline

THE merger of the two existing New Zealand airlines—Air New Zealand and New Zealand National Airways — becomes effective on April 1. The new organisation will retain the name of Air New Zealand.

Chairman of the joint airline will be Mr. C. W. Mace, at present chairman of New Zealand National Airways and a director of Air New Zealand. Mr. C. J. Keppel, chairman of Air New Zealand, will be the deputy chairman.

The new airline will have a fleet of eight DC-10 jets, two DC8 jets, nine Boeing 737s and [illegible] Fokker Friendship aircraft. [illegible] savings from the merger are estimated to eventually amount to more than $NZ10m. a year.

Bechtel wins £30m. contract at Gulf Oil refinery

BY KEVIN DONE, INDUSTRIAL STAFF

GULF OIL has awarded a £30m. contract to Bechtel Great Britain for new units at its Milford Haven refinery.

The contract will cover all the work required in the Gulf refinery to provide the company's share of feedstock for the £290m. refinery expansion, being undertaken jointly with Texaco.

Bechtel was the main contractor for the construction of the company's original refinery in 1968.

The new contract is for a vacuum distillation unit, a sulphur recovery plant, new tankage and storage units, and associated off-site facilities.

But the main part of the £290m. project, the building of a catalytic cracker to convert fuel-oil into petrol, will be constructed, as part of the Texaco refinery on the opposite bank of the Milford Haven waterway.

Shell and Amoco have placed orders worth £15m. for a series of gas turbine compressor packages for the Leman and Indefatigable gas fields in the southern sector of the North Sea.

The main contract has gone to Cooper-Bessemer, but Rolls-Royce has received a major slice with £6m. order for eight RB 211 engines.

The RB 211s will be used for natural gas compression duty on the fields 50 miles off the English East Coast.

Another U.K. contractor, Procon—a subsidiary of the U.S. Procon International—has been awarded the $25m. (£12.9m.) contract for the expansion of an Amoco refinery in Brisbane, Australia. The crude running capacity of the refinery will be increased from 30,000 barrels a day to 45,000 barrels.

Boards disagree on fuel costs

BY KEVIN DONE, CHEMICALS CORRESPONDENT

DISAGREEMENT between the gas and electricity supply industries over fuel prices will be brought into the open next week at a meeting at which Mr. Anthony Wedgwood Benn, the Energy Secretary, will be chairman.

In a paper to be considered by the Energy Commission on Monday, Sir Francis Tombs, chairman of the Electricity Council, says that in the long-term there should be some parity in terms of heat content between the prices of all fossil fuels.

Referring to distortions in the prices of major fuels, he says that the delivered cost of natural gas to the British Gas Corporation in 1976-77 was 1.9p per therm. In the same year the average delivered cost of fossil fuel to the Central Electricity Generating Board was 8.4p per therm.

"If the electricity supply industry had been able to purchase fossil fuels at the same cost as the BGC are able to purchase fossil fuels, it would have been possible to reduce the average price of electricity by about one-third and by much more for off-peak supplies."

In another paper to the Energy Commission, Sir Denis Rooke, chairman of the British Gas Corporation, takes issue with Sir Francis.

The price of each form of energy should not be based on any artificial principle, he says, such as alignment with other fuels on a basis of heat content. The price should reflect real costs. To base all energy prices on a principle of parity would "destroy competition and encourage inefficiency."

(Energy Pricing, Energy Commission Papers 9 and 10)

Public relations boost urged

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE CHEMICALS industry in Europe had to significantly increase its public relations effort if it was to defend its interests properly, Mr. Martin Trowbridge, director general of the Chemical Industries Association, said yesterday.

This would have to be done at national and European level if the industry was "to persuade society and its legislators to strike a sensible balance between social responsibility and public hysteria." Otherwise its case would be lost by default.

Mr. Trowbridge told a joint meeting of the Institute of Petroleum and the Institute of Chemical Engineers in Edinburgh that for chemicals bad news was a jet-set traveller. "Chemical bad news, like plague and pestilence, knows no frontiers."

The chemical industry was especially vulnerable to the unreasonable attentions of governments, based on ignorance or ill-informed prejudice.

Public relations efforts should be directed towards creating a realistic climate of favourable opinion at each decision-making level of European Government.

"I do not mean that we should show a mask—I mean that we should present our face, blemishes and all."

Talks on leased assets

BY KEITH LEWIS

THE ACCOUNTING Standard Committee held a meeting yesterday with leading U.K. leasing companies to establish the practicability of a new draft standard dealing with the treatment of leased assets within company accounts.

The views of major lessees are to be sought at a second meeting scheduled for February 22.

The committee established a sub-committee in 1975 with a view to preparing a new standard because of the growth of the industry and the lack of uniformity in accounts.

The debate is over whether leased assets should appear in the accounts of both lessor and lessee. The former owns the assets, but the lessee receives the benefit of any earnings arising from those assets.

The aim is to produce a standard as soon as possible which is both acceptable and practicable—hence the meetings in advance with both sides involved.

It is thought likely that some sort of compromise over basic principles will be established fairly quickly, though there may still be specific problems, such as treatment of bad debts, to

Toy industry set for improvement

BY DAVID CHURCHILL

E £230m. a year British toy ustry is set for a much roved year after the reces- of the last two years, says urvey published yesterday.

Toy manufacturers on the ole have countered the nestic economic recession prisingly well, pushing sales ad despite slack consumer nding," it says.

ales have been "stimulated virile diversification outside litional and product and graphical areas" and manu- urers are looking forward more buoyant spending in domestic market.

he survey, by Jordan Data- st, was based on a general investigation of some 169 toy, games, and sports equipment companies with a more detailed study of 50 of these companies.

It predicts that further rationalisation in the number of manufacturers is likely. "The gradual disappearance of the independent retailer, the preference of large retailers to cut down on the number of lines stocked and to favour well-established brand names are all factors which tend to favour the bigger manufacturers."

Manufacturers are also likely to build up sales of non-seasonal items with particular emphasis on pocket money, accessory, outdoor, and adult hobbies. Major manufacturers are also likely to seek production and marketing agreements outside the U.K.

On the distribution side, independent specialist retailers will decline further, reflecting the pressure on costs and their lack of competitiveness, the survey says. *Multiples, supermarkets,* and department stores are likely to increase their selling of toys.

The skate-boarding boom is not expected to have a significant impact on the industry in future, with no new companies likely to enter the field at this stage.

"Toys, games, sports equipment," Jordan Dataquest, Brunswick Place, London, N.1. Price £60.

Rolls-Royce has £6m. share in oil industry deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE has broken into the North Sea oil and gas exploration and development industry with the industrial version of its RB-211 engine.

Amoco (U.K.) Exploration and Shell (U.K.) Exploration and Production have placed contracts worth over £15m. for eight new gas-turbine compressor packages with Cooper-Bessemer, of which the Rolls-Royce share for eight RB-211s is worth about £6m.

The RB-211s will be used for natural gas compression duties in the Leman and Indefatigable fields, 50 miles east off the English coast. They will help to maintain the flow of natural gas to the shore terminal at Bacton for distribution by the British Gas Corporation.

The order is the first for the higher-powered version of the industrial RB-211 engine, following successful sales of earlier industrial versions of the engine to pipeline operators in North America, Holland and to British Gas.

The version now sold to the oil industry is the industrial counterpart of the higher powered Dash 524 model, already on order for airlines in the Boeing 747 Jumbo jet *and the Lockheed Series 500* TriStar jets. Each of the eight industrial RB-211s ordered will provide 30,000 horsepower.

Truck parts scheme dropped

By Kenneth Gooding, Industrial Correspondent

CATERPILLAR Tractor, the U.S. construction *equipment* group, has given up the idea of manufacturing components alongside its lift truck assembly plant at Desford, near Leicester, which is in the last stages of a £20m. expansion programme.

In 1975, when the project was announced, Caterpillar said the workforce would be increased from 500 to 900. However, with *the assembly facilities completed,* there are 780 people working at Desford. This suggests that cancellation of the components plan has cost around 100 jobs.

Instead of making its own components, Caterpillar is looking for U.K. sources to replace the imported ones it is using.

The smaller lift trucks are made from 95 per cent. British components. But this falls to around 50 per cent. for some of the big trucks—the range goes up to four-ton capacity.

Mr. Tom Armstrong, plant manager, said the factory is making a contribution to the U.K. balance of payments because more than 70 per cent. of the output is exported

The investment at Desford proves "Caterpillar is deeply committed to the *lift truck* business" which it entered via the acquisition in the U.S. of the Towmotor Corporation in 1965.

Healey backs Inland Revenue's ruling on delays

BY JAMES McDONALD

THE INLAND REVENUE'S ruling that it does not generally accept delays in conveying its view of the tax effect of docu*ments as the basis of a claim for* a reduction in the burden on the taxpayer has the backing of the Chancellor of the Exchequer.

This is made clear in the Government's Observations—published yesterday—on the Second Report from the Select Committee on the Parliamentary Commissioner for Administration. Session 1976-77.

The Chancellor's backing is given against the background of a case reported by the select committee in which there had been serious delays by the Inland Revenue in informing a taxpayer's agents of its view of the tax consequences of two deeds that had been submitted. Meanwhile, tax liability had been accruing on the basis of the Inland Revenue view eventually expressed.

The Parliamentary Commissioner had found that there had been maladministration, which required a remedy from the department, but this had been refused. The select committee agreed with the Parliamentary Commissioner and called on the Inland Revenue to provide that remedy.

The Board of the Inland Revenue *informed the select* committee last September that it had reviewed the case and had decided to grant the full remedy sought in the complaint to the Parliamentary Commissioner.

However, Mr. Denis Healey, *the Chancellor—without com*menting on the circumstances of the particular case—said it raised an issue of general importance touching relations between the taxpayer and the tax administration.

"The Board of Inland Revenue accept, of course, that they are under a legal duty to raise the appropriate assessment to tax and that, in the interests both of the citizen and of good administration, they should endeavour to raise the assessment within a reasonable time.

"However, the Board takes the view that it is the responsibility of the taxpayer to see to it that any formal documents that may affect his tax position are drawn in such terms that they will secure the tax consequences he intends.

"The mere submission of documents to the Revenue does not discharge that responsibility or safeguard the taxpayer's intention. The tax payable can be determined only by whatever turns out to be their true effect."

Second Report from the Select Committee on the Parliamentary Commissioner for Administration. Session 1976-77: Observations by the Government. Cmd 7098, SO; 25p.

Consumer guardians 'lack independence'

FINANCIAL TIMES REPORTER

NSUMER watchdog commit- attached to nationalised ustries should be "visibly" e independent, Professor hael Shanks, chairman of the ional Consumer Council, said terday in London.

hey were still too closely to the industries they were posed to monitor he said in *second of the 1978 Stockton* ures to the London Business ool.

hey could operate as a "kind audit board" for State industry, with a common federal ucture and a central staff. don't think anybody can really be very happy about their general performance," he added.

Organisations which could represent the consumer more effectively than the TUC or the CBI should be included in the Social Contract.

That would help defuse a "dangerous tension" in society as the tide of public opinion ran *strongly against* centralised power and authority.

Professor Shanks outlined a strategy for consumers, which aimed at value for money, and concentrated on four basic rights: safety, choice information and redress.

Plea from Scotland on steel cuts

By Ray Perman, Scottish Correspondent

BRITISH STEEL was urged yesterday to ensure that cuts in *investment and output did not* hit Scotland disproportionately hard.

Lord Clydesmuir, chairman of the Scottish Council for Development and Industry, said in a letter to Sir Charles Villiers, the Corporation's chairman, that maintenance of Scotland's share of new *investment* at 15 per cent. would safeguard the future growth and efficiency of the corporation there.

Efficient

It would also enable the Scottish division to continue producing about 15 per cent. of total U.K. steel output from plants which were as efficient as any elsewhere in Britain.

Within the Scottish investment programme, the planned direct reduction and electric arc plants at Hunterston should be safeguared, be added. The trend in the division as a whole should be towards producing higher quality and special steels.

This would broaden the base of the Scottish steel industry and have beneficial effects on growth in manufacturing industry.

Brokers take optimistic view on inflation

BY DAVID FREUD

A TWO-YEAR forecast by stockbrokers Capel-Cure Myers is markedly more optimistic over U.K. inflation and the balance of payments than recent predictions by several other commentators.

Capel predicts that the rate of inflation will remain in single *figures over the next two years* and the balance of payments will remain in surplus, with £2bn. in 1978 and £1bn. in 1979, despite an erosion of the U.K.'s competitive position.

However, the projected rate of growth is lower than that of other recent forecasts at 2.6 per cent. in 1979. Unemployment is expected to grow.

They assume that the Budget will make direct tax concessions of £2.5bn., offset to some extent by increases in indirect taxation.

Also assumed is that the authorities will continue to pursue a cautious economic strategy, with the fight against inflation paramount. The rate of growth in money supply is expected to be limited to about 11 per cent over the next financial year and the average level of earnings to 13 per cent. during the current round of negotiations.

The rate of inflation is predicted to fall to about 8 per cent. by the second quarter, after which the trend will be marginally upwards as the rise in labour costs during Stage 3 starts to influence output prices.

Credit licence system impact

THE INTRODUCTION of licensing in the credit industry—which should be completed by the autumn—has already had a considerable impact, Mr. Gordon Borrie, Director-General of Fair Trading, said in London yesterday.

The third and final stage of licensing under the 1974 Consumer Credit Act got under way last month.

Theatre's plan blocked

By John Brennan, Property Correspondent

PLANS for redevelopment of London's Mermaid Theatre were frozen by the City Corporation yesterday.

Touche Remnant, the investment management group revealed last week its plans for a £7m. modernised theatre and office block on the Mermaid's Puddle Dock site by the Thames. Agreement had been reached with the theatre's trust, led by Sir Bernard Miles, to take over the trust's leasehold interest in the site, and to pay the City Corporation, the site freeholder, a £1m premium for a new long leasehold.

Yesterday, however, the City Corporation voted 2 to 1 against immediate acceptance of the proposals.

Foreign students in 30% of U.K. engineer places

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

ARLY ONE in every three of 228 undergraduates starting duction engineering courses United Kingdom universities *year comes from abroad,* ording to figures released by Universities Central Council Admissions yesterday.

oreign students also constitute around a quarter of the 8 new university undergraduates taking electrical ineering and the 2,222 entrants to mechanical courses.

he new figures will be died carefully by the interdepartmental committee of civil servants considering ways of relieving British taxpayers of their present subsidy to overseas students. The subsidy to those on degree-level courses alone—probably less than half the total—is estimated at £122m. a year.

Over the past five years, the foreign contingent has increased from 2.8 to 6 per cent. of total university undergraduate admissions in sciences, and from 12.5 to 22 per cent. in engineering and technology.

ICL drops plan to move

INTERNATIONAL COMPUTERS has dropped plans to transfer its development division from West Gorton, Manchester, to a site at Simonsway, Wythenshawe, in the south of the city.

The company, which announced last year that it wanted room to expand, will retain its West Gorton division but seek to redevelop its large systems assembly operation on a nearby site. It will also go ahead with a plant for making multi-layer printed circuit boards on a site by the University of Manchester.

The decision to abandon redevelopment plans at Wythenshawe was described by the city council yesterday as disappointing.

Managers want top tax cut to 60%

BY DAVID FREUD

THE TOP marginal rate of income tax should be cut from 83 per cent. to 60 per cent. in the Budget, the British Institute of Management told Mr. Denis Healey, Chancellor of the Exchequer, at a working dinner in London last night.

Income tax cuts totalling £2.5bn. were urged, including a cut in the basic rate of tax from 34 per cent. to 30 per cent. at a cost to the Treasury of £2bn.

Also sought were increases in the value of higher-rate thresholds by a minimum of £1,000 in the bottom band rising to £2,500 in the top band (from £21,000 to £23,500).

The Chancellor was told that the institute considered it desirable for the top rate to come down to 50 per cent. in the forseeable future to provide incentive and for higher rate thresholds to be indexed to maintain their real value.

Before the dinner, Sir Frederick Catherwood, vice-president of the institute, stressed that managers' incomes had been badly hit in the last four years. It was only fair that steps should be taken to restore their standard of living when the opportunity arose.

Premier 'unrepentant' on 10 per cent limit

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN told the Commons yesterday that he was "totally unrepentant" about the Government's action to reinforce its pay policy. By blacklist or contract, the Prime Minister affirmed, the 10 per cent. limit would be upheld.

Mrs. Margaret Thatcher, who is to challenge the policy again in the Commons on Monday, suggested it was not so much a sin as just plain cynical.

Mr. Callaghan was setting himself up as the sole judge of the national interest and using limited discretionary powers with unlimited rigour, she charged.

The Commons had the final verdict if the Government misused its powers, the Prime Minister pointed out. The Government had been acquitted once and he had no qualms about next week's trial. "I am totally unrepentant about the powers being used and the purpose for which they are used," he declared.

But Mr. Callaghan said he would examine the complaints of a Commons Select Committee about the Government's handling of statutory instruments.

Mr. Michael Foot claimed that action had already been taken to meet some of the criticisms—but the Prime Minister stressed that the Government would look again to ensure that MP' srights were safueguarded.

Far from renouncing the Government's pay policy, Mr. Callaghan went on to taunt the Tories with its success. The whole nation would be grateful to the miners for their responsible decision to accept the 10 per cent.

"I thank the miners of Britain for what they have done," he intoned.

Labour MPs called mockingly on Mrs. Thatcher to join in the thanksgiving. But the Tory leader sat tight-lipped.

Mr. Callaghan was asked by Mr. Peter Bottomley (C., Woolwich W.) what the Government thought the future level of earnings should be. "At the moment, I would not wish to take a public initiative on this," the Prime Minister declared coyly.

"But I am in no doubt that the level of incomes next year will, of course, influence the level of inflation—and I shall go on saying so."

The prospect of Mr. Callaghan carrying on brought a note of desperation into the Tory questioning.

If the Prime Minister would not repudiate any policies, perhaps he would renounce Mr. Anthony Wedgwood Benn? Did he agree with the Energy Secretary's comment in a speech at the School of Oriental and African Studies that nationalisation was back on the Labour agenda, they demanded.

"It's never been off the agenda," Mr. Callaghan coolly rejoined. The last Tory Government had nationalised Upper Clyde, Rolls-Royce and others, continuing the policy with an "inscrutable eloquence" that matched Mr. Benn's.

Mr. Callaghan said it was clear that the economy would not work properly without a proper balance between the private and public sectors. The Tories recognised that reality and he wished they would start supporting industry instead of running it down.

But Mr. Callaghan noted that Mrs. Thatcher had told overseas bankers she was opposed to the Multi-Fibre Agreement, export credits and all Government grants and subsidies to industry. "I wonder how many millions of jobs would be lost if the Tories ever got back to power," he said.

Defence work switched

BY JOHN HUNT

THE MINISTRY of Defence has taken action against T. Baker and Sons (Transport), of Tipton, Staffs., under the Government's "blacklist" of companies who do not observe the 10 per cent. wage guidelines.

Answering a written Commons question last night, Dr. John Gilbert, Minister of State for Defence, said that no contract with the company had been cancelled.

"The company has, for some years, undertaken transport work for the Ministry of Defence on a day-to-day basis," he said. "But as the company is in breach of the pay guidelines, alternative arrangements have now been made."

This would involve some slight extra cost to his Department, but it was not possible to say how much.

Dr. Gilbert was answering a question from Mr. Norman Fowler (C., Sutton Coldfield) who had asked why a contract with the company had been cancelled, and how much it had cost public funds in letting a new contract.

MPs call for price controls debate

By Elinor Goodman, Consumer Affairs Correspondent

MR. ROY Hattersley, the Prices Secretary, told four Labour MPs yesterday that he shared their concern about the profit safeguards written into price controls.

The delegation took along an early-day motion signed by more than 150 MPs and the number of minority party signatures may advance its argument for an urgent debate.

The motion called for abolition of the present interim safeguard which prevents a company's prices being frozen during one of the Price Commission's three-month investigations if a freeze would reduce profits beyond a certain point.

To the disappointment of the MPs, who are infuriated by the way Allied Breweries has been able to raise its beer prices although they are being investigated by the Commission, Mr. Hattersley refused to give any definite undertaking to change the rules.

Given the Minister's known reservations about the whole concept of numeric safeguards in what he sees as essentially a discretionary form of price controls, he may consider making changes this summer when the current controls on profit margins expire.

This would be opposed strongly by the Confederation of British Industry which last month urged Mr. Hattersley to resist pressure to tighten up the safeguards.

Yesterday, Mr. Walter Johnson (Lab., Derby S) called for an urgent debate on the motion. He was told that there was no time for one next week—and, indeed, the odds seem to be against it being debated in the next few months.

But the fact that his motion was signed by a number of MPs belonging to the minority parties—including Mr. John Pardoe, the Liberal's economic spokesman—may encourage Mr. Hattersley to think that he could get changes through the House in the summer.

The motion calls only for the abolition of the interim safeguard. It makes no mention of the safeguard which comes into effect when the Commission has completed its investigation.

This latter provision has yet to be tested as the Commission has not yet recommended a significant restriction in a company's prices. But experience with the interim safeguard indicates that most companies cannot be prevented from implementing the greater part of price rise wanted while they are investigated.

Mr. Johnson's motion was apparently triggered by the announcement last month that Allied Breweries was being allowed to put its beer prices up by 2p a pint while the increase was studied by the Commission.

Much of yesterday's discussion apparently concerned this particular case but Mr. Johnson stressed that his concern went beyond beer and that he was worried that the Commission's effectiveness was being undermined by the safeguards.

Shore urges more inner city investment

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A CALL for leading firms to increase the size of their investment in inner cities was made by Mr. Peter Shore, Environment Secretary, in the Commons last night.

He pointed out that many big companies already had a considerable role in these areas—in industrial activities, shops, property, housing development and in markets for their goods.

"I would like these firms to review the extent of their commitment to the inner areas and to consider how they can channel more work and support to the inner cities," he declared.

"If our major firms could push more investment towards these areas, they will be helping to protect their existing interests there. It would also give an example which is crucial to the return of confidence."

Mr. Shore was speaking on the Second Reading of the Inner Urban Areas Bill. This empowers local authorities, with central Government financial assistance, to set up schemes to encourage industry in the inner cities. It will entail total expenditure on loans and grants of £80m. up to 1981-82.

Mr. Peter Shore

Attracted

Mr. Shore emphasised that medium-sized and small firms and office and service employment also had a very big contribution to make in these areas. Many young people, particularly, were attracted to the idea of working in service industries, in offices and commerce. These were the growing sectors.

Mr. Shore acknowledged that few large-scale employment projects would be attracted to inner cities. It would be the medium-sized and smaller firms that would contribute most to employment.

From the Opposition front bench, Mr. Michael Heseltine, shadow Environment Secretary, was sceptical about the effectiveness of the Bill, although the Tories did not intend to vote against it.

His scepticism seemed to be shared by some Labour backbenchers. There were Labour shouts of "chicken feed" when Mr. Shore outlined the financial provisions of the legislation.

Selective

Mr. Ron Thomas (Lab., Bristol NW), reminded the Secretary of State that a report from Bristol had shown that urban blight was not confined to inner cities. It existed in other parts of a city, such as his own constituency.

Mr. Heseltine said that the sums of money which would be provided under the Bill were very small compared to total local authority expenditure. It was, he said, a highly selective measure which would effect a negligible number of companies.

He suspected that it was an "illusion of a policy" which the facts would not justify. The sort of encouragement given in the Secretary of State's speech was not enough, in itself, to persuade firms to invest in the inner cities.

In fact, he argued, it was the policies of the present Government which had been largely responsible for driving them out. The rigidities of rent control were creating slums and the rates paid by firms were often higher than their rents. The slowness of planning procedures had also been a major hindrance.

Other adverse factors had been the development land tax, capital transfer tax and the suddenness of Government cuts in public expenditure on capital projects.

"The Government has done incomparably more to worsen the crisis than any of the cosmetics that the Secretary of State has been talking about to-day," he said.

Mr. Douglas Jay (Lab, Battersea N) said that although the total amounts involved were only moderate, the Bill was one of the best chances Britain had had to tackle unemployment and social deprivation in London. The greatest single need in inner London was for industrial employment.

Mr. Peter Walker (C Worcester), former Tory Environment Secretary, warned that the need for action in the inner cities was critically urgent. Unemployment in urban areas, racial friction and crime were all worsening.

Although he welcomed the Bill, Mr. Walker said it was "relatively small chicken-feed" compared with what was needed.

Operate

Mr. Walker said: "We now have a situation in certain districts of this country where forces will not operate because if you have a choice as a firm you will not go into an area of high crime.

We had to cut through the red tape in relationships between central and local government and decide on a whole range of designated districts where there was a desperate need for urgent action.

Call for Israeli flexibility

By Ivor Owen, Parliamentary Staff

BRITAIN intends to continue in the role of candid friend to both Egypt and Israel, mainly through the use of traditional diplomatic channels rather than by public pronouncements, the Prime Minister said in the Commons yesterday.

Questioned about his meeting earlier in the day with President Sadat of Egypt at Heathrow airport, he said: "I believe that private representations to both sides and candid expressions of opinion on where both sides can move is the best way of helping the peace negotiations forward."

After his talks with President Carter, the Egyptian leader now appeared to believe that there were greater prospects of resuming discussions with Israel.

Mr. Callaghan stressed: "It is the view of the Government that Israel should show greater flexibility in her negotiations, but that Israel's security is paramount.

"In my discussions, I found that President Sadat recognised this, and I hope that the Government and people of Israel will recognise too that President Sadat is in earnest in trying to find a way for Israel to live in peace and security."

The Prime Minister said that he intended writing to Mr. Begin, the Israeli Premier, explaining Britain's attitude.

Japanese car quotas plea

Mr. Edmund Dell, Secretary for Trade, is to be asked to impose immediate quotas on Japanese car imports following Wednesday's announcement of the increase in their share of U.K. car sales last month.

Mr. Doug Hoyle, Labour MP for Nelson and Colne, yesterday attacked Japanese "arrogance" in refusing to give any commitment to restrict future car exports to Britain. He tabled a series of Commons questions to Mr. Dell.

"Despite the fact that they entered into a voluntary agreement, the Japanese are plainly ignoring it. The time has now arrived when the talking should stop and we should introduce firm quotas against Japanese cars," he said.

Four missing words explained

BY IVOR OWEN, PARLIAMENTARY STAFF

LABOUR backbenchers claimed yesterday to have uncovered a new twist in the mystery surrounding the Conservative Party's attitude to incomes policy.

Mr. Michael Noble (Lab., Rossendale) protested that the Hansard report of the speech made by Mr. John Nott, shadow Trade Minister, on Tuesday, when he opened the Opposition attack on the "blacklisting" of firms in breach of the Government's 10 per cent. pay guidelines, lacked four vital words.

Accordingf to Hansard, he said, Mr. Nott had stated: "We have made it clear that we are against individual limits."

With support from other Labour MPs, Mr. Noble said his recollection was that Mr. Nott had actually used words to the effect that the Opposition was against individual limits "at the present time."

Mr. Nott immediately volunteered an explanation. He had himself discovered, in the course of a routine check, that the words "at the present time" were missing from the Hansard reporter's typescript.

"I made no change whatever to the text," he stressed.

Mr. Nott went on to report that after listening to more of the debate and realising that it was a matter of some consequence "for the Labour Party," he had returned to the Hansard office and suggested that the words "at the present time" should be included.

The Hansard editor had agreed to this course, and he had been surprised to find that the words had still been omitted when he read Hansard the next day.

The Speaker, Mr. George Thomas, said an investigation carried out by the editor of Hansard had resulted in the reporter concerned confirming that the words in question had been used by Mr. Nott.

Their omission from Hansard was the result of a printer's error, and steps had been taken to publish a corrected version of Mr. Nott's speech.

The Speaker said he was entirely satisfied with the editor's explanation. "Mr. Nott could not have done more than he did. The matter is closed."

Labour rebels to oppose reduced Scots 'yes' vote

BY RUPERT CORNWELL, LOBBY STAFF

THE GOVERNMENT has little prospect of deleting completely the vital amendment stipulating a 40 per cent. "yes" vote in the referendum on Scottish devolution. It now hopes to reduce the minimum proportion in favour to 33 per cent. of the electorate.

Last night, however, its chances of securing even that more limited objective looked in some jeopardy as Labour rebels led by Mr. George Cunningham (Lab., Islington), made clear their intention to resist any change at all.

The key votes will take place on Wednesday evening, on the second night of the Scotland Bill's report stage. The Third Reading will be in the following week, before the measure departs for further scrutiny by the House of Lords, probably after Easter.

The Government's tactics were settled at yesterday's Cabinet meeting, when Ministers agreed to throw their backing behind an amendment tabled by Mr. Dennis Canavan (Lab., W. Stirlingshire), discarding any minimum figure whatever.

In the event of failure, a second proposal, this time replacing 40 per cent. by 35 per cent. would be voted upon.

Here, the Government looks to be on slightly stronger ground, for the names of Tory MPs at the head of one such amendment offers the prospect of some Conservative support—essential if the reduction is to be carried.

The indications were last night that the Liberals would go along with 33 per cent., while the Scottish Nationalists — hostile even to the compromise figure—will delay a decision until closer to the vote.

Above all, the Cabinet is trusting that the fortnight's interval between the Bill's committee and report stages will have allowed MPs to make a more sober reassessment of the minimum vote proviso. Ministers are emphatic that such a precedent would be extremely dangerous for the rest of the U.K.

No attempt will be made, for the time being, to reverse the other blow to the legislation during committee proceedings: the modification permitting the Orkney and Shetland Islands to opt out of a devolved Edinburgh assembly.

The Government appears to be biding its time in the hope of coming up with a satisfactory compromise.

Aircraft noise complaint

PEOPLE affected by aircraft noise should have the right to sue aircraft operators and airport authorities said Mr. Hugh Jenkins, Labour MP for Putney West, who wants the right written into the Civil Aviation Bill.

Mr. Clinton Davis, Trade Under-secretary, said that his plan could cause "immense damage" to the aviation industry.

"There could be a severe risk of considerable litigation to no very great purpose. There could be uncertainty created about flight movements which would severely impede the convenience of aviation traffic and those using it. There could be a severe drain on airline finances."

Mr. Jenkins claimed during yesterday's debate on the Bill that citizens' right to sue about aircraft noise had been removed accidentally by an Act passed in 1922. "It is a serious thing to deprive a citizen of his right to go to the courts. It is a right which ought to be restored."

The debate was adjourned until Tuesday.

Next week's business

COMMONS debates next week are:

MONDAY: Debate on public purchasing and the abuse of Ministerial power; motion on financial assistance to Opposition parties.

TUESDAY AND WEDNESDAY: Scotland Bill, remaining stages; at end on Wednesday, motion on the Medicines (Exemptions from Restrictions on the Retail Sale or Supply of Veterinary Drugs) order.

THURSDAY: European Assembly Elections Bill; remaining stages.

FRIDAY: Private members' Bills.

MONDAY (February 20): Employment Subsidies Bill, and Home Purchase Assistance and Housing Corporation Guarantee Bill, second readings.

Lords business is:

TUESDAY: Domestic Proceedings and Magistrates Court Bill, committee; Participation of Agreements Bill, committee; debate on Rhodesia.

WEDNESDAY: Debates on land purchase difficulties, and on pay in the public sector.

THURSDAY: Education (Northern Ireland) Bill, third reading; Industrial and Providents Societies Bill, committee.

Budget date

THE BUDGET will be on Tuesday, April 11, MPs were told yesterday.

Higher fines urged for harassment

AN MP yesterday attacked the "derisory" fines being meted out by the courts on "latter-day Rachmans who winkle and harass tenants out of their property."

Mr. Bruce George, Labour MP for Walsall South, wants the Lord Chancellor, Lord Elwyn-Jones to remind the courts that the maximum fine for harassment is soon to increase from £400 to £1,000.

Mr. George said he had been told by the Department of the Environment that the average fine for harassment was about £60.

He added, "There is evidence of an increase of harassment by landlords. I would like to see the courts use their powers

Wales jobs

THE Development Board for Rural Wales has announced that three days at the Spring Fair with its "Trainex" at Birmingham International Station has already produced 14 solid industrial inquiries, which could mean

Factories ranging in size from 1,500 to 60,000 sq feet have been sought by manufacturers producing all kinds of products from children's racing cars, electrical components, glass, furniture, stoneware, pharmaceuticals and food.

Mason says Ulster talks 'essential'

FINANCIAL TIMES REPORTER

IT WAS "absolutely essential" to restart the Ulster political dialogue, Mr. Roy Mason, the Northern Ireland Secretary, said yesterday. But he stressed that he did not intend to force the pace in finding a political solution.

He was replying to Mr. Martin Flannery (Lab., Hillsborough) who said that a sense of hopelessness could lead to more terrorism if the dialogue was not renewed.

Mr. Mason called on church and political leaders to calm the Province following the four murders since the week-end.

"When there are dastartly and cowardly attacks on innocent women and children, it sends waves of revulsion through the Province." He said he could understand these feelings but did not want a renewal of sectarian violence.

Mr. Gerry Fitt (SDLP Belfast W) said the level of violence opinions of the Dublin Government, but Mr. Mason replied that any utterance inside or outside the province that gave aid and succour to terrorist organisations made his pob more difficult.

The "floating" of an amnesty had not done any good but he was glad that the Irish Premier, Mr. Jack Lynch, had tried to withdraw it.

Mr. Mason also agreed with Mr. William Van Straubenzee Conservative MP for Wokingham and a former Northern Ireland minister, that a solution had to be found in stages. He added that local government in the British sense was not sufficient to answer the problems of Northern Ireland.

Lynch unity call opposed by majority, poll shows

BY GILES MERRITT IN DUBLIN

AN OPINION poll has suggested that a small majority of Irish people do not support the controversial remarks on reunification made recently by their Prime Minister Mr. Jack Lynch.

In the Dail yesterday, Mr. Lynch was accused of having done "irreparable damage" to foreign investment hopes through his comments.

The poll, conducted in County Rosscommon which is both geographically and politically in the centre of Ireland, found that 49 per cent. believed Mr. Lynch had been "wrong" to state in a radio interview last month that Britain should encourage Irish unity. As many as 56 per cent. of those interviewed rejected the idea of an amnesty being considered for IRA prisoners in Irish jails.

But although a slight majority disapproved of Mr. Lynch's stand, the poll showed how evenly divided Irish people are over the question of reunification. Forty-six per cent. supported Mr. Lynch's remarks and 39 per cent. were in favour of considering an amnesty.

Mr. Lynch was attacked in the Dail by Mr. Austin Deasy, Fine Gael deputy for Waterford, who argued that renewed provisional IRA violence in the North might have been encouraged by hopes of support in the South.

Tower Bridge

ROAD improvements to the northern approaches to Tower Bridge, are expecter to start next Tuesday.

The £3m. scheme will ease traffic congestion at the junction of Minories, Tower Bridge Approach, Tower Hill, Mansell Street and East Smithfield and widen the road for extra traffic generated by the redevelopment of Docklands.

LABOUR NEWS

Engineering unions move toward pay peace

Y ALAN PIKE, LABOUR CORRESPONDENT, IN YORK

INEERING UNION leaders a conciliatory line yesterday toward difficulties over the stry's national pay agreement, increasing the chances of ber of this winter's major ns being settled peacefully.

le executive of the Confederation of Shipbuilding and neering Unions, meeting in decided to make a further oach to the Engineering loyers' Federation, despite failure of talks last week. confirmed that it would be ared to settle for a much r figure than its original d.

gotiations ended last week the employers refused to e beyond an offer of £57, in onse to a claim for new mum skilled rates of £70 a

. Hugh Scanlon, leader of union side, and his fellow-tiators indicated that they d be prepared to recommend ptance of £60 rather than £70; and this more modest target was endorsed by the confederation executive yesterday.

With such a narrow gap between the two sides, yesterday's decision by the confederation, coming the day after miners' negotiators agreed to settle within the 10 per cent. guidelines, removes any real possibility of industrial action over engineering pay.

The vote by the executive to return to the employers indicates the anxiety of the unions to continue the national agreement if at all possible, a view shared by the employers' federation.

Many engineering workers do not benefit directly from national pay increases, and the employers' offer, which the unions have rejected, would increase the national wage bill by 4.25 per cent., compared with 5 per cent. under the £60 the unions are now seeking.

Although in percentage terms the difference between the two sides is small, there will be tough bargaining when talks resume, since every increase in the national pay rates reduces the amount available to employers within the 10 per cent. guidelines for distribution at factory level.

The confederation executive will meet again after the new negotiations. If the two sides once more fail to agree, all pay negotiations will revert to plant level and engineering be deprived of a common conditions agreement.

Yesterday's executive meeting decided to step up its fight to prevent non-confederation unions from being recognised by British Shipbuilders.

The executive will send out an instruction telling them to boycott negotiations with any British Shipbuilders management who are members of the Shipbuilding and Allied Industries Management Association.

Members of confederation unions working in the shipbuilding industry are being told to ignore an overtime ban being conducted by management association members in protest against delays by the British Shipbuilders Board about recognising the association.

British Shipbuilders has put off a recognition decision pending approaches to the Advisory Conciliation and Arbitration Service. The association is now part of the Engineers' and Managers' Association, affiliated to the TUC but not a confederation union.

Vages council awards aundry workers 12%

Y PAULINE CLARK, LABOUR STAFF

ARGE group of low-paid ers in the services sector is to receive an 11.8 per pay increase under what is ved to be the fifth major s council deal to exceed the rnment's 10 per cent. guide-

e wages council covering t 65,000 laundry workers has the award in spite of tions from the Department mployment to similar deals ecent months for 200,000 ultural workers and several groups in the retail sector. tification of the laundry ers' award is due later this h.

the cases of the food shop ers' wages council and the s Board for farmworkers, pendent members sided with nions against the employers.

These two deals alone covered nearly 500,000 low-paid workers, giving those on the statutory minimum wage rise of about 12.5 per cent.

Employers are legally obliged to follow wages council orders and are thus exempt from Government restrictions.

The Department of Employment said yesterday that wage council awards of more than 10 per cent. were "regretted," but there was nothing the Government *could do* about them because of their legal status.

The awards, however, were not thought to be a serious threat to the fight against inflation, as most of the employers probably already paid their workers more than the previous minimum rates.

THER EVIDENCE TO TRIBUNAL

Cavalier attitude o committee'

FINANCIAL Times had n a "cavalier" attitude to lisputes committee set up to to settle the protracted gle over the editor's control e column written by Mr. C. on Tether. Mr. Tether told dustrial tribunal yesterday.

Tether, 64, who wrote the r's Lombard column for 21 , claims he was unfairly issed 16 months ago and re-instatement. He has ted a compensation offer of pay until ntrmal retirement

Tether, of Worplesdon, ey, was continuing his open-ddress on the twentieth day e hearing, believed to be the st in the tribunal's history. complained that the editor, Fredy Fisher, had not ded a meeting of the dis- committee, comprising nal Union of Journalists and spaper Publishers Association representatives, when it met y to resolve the dispute.

said it was explained to him the Financial Times was tant to draw Mr. Fisher from his duties. He was pressed.

it, said Mr. Tether, at the heart of the dispute was question of whether the ands of Mr. iFsher, who had ned h im to writing on in subjects, were reason-

was clearly the only person the Financial Times who d help the committee decide ber they were or not.

r. J. D. F. Jones, the aging editor—who—was ent, had not taken any direct in the dispute and had not involved in the banning of rticles, or in making changes iem, or in the introducton of edtor's letter which sought mit his choice of subjects.

r. Jones had not exchanged igle word with him about the ute at any time, said Mr. ier. It was not clear how well fed Mr. Jones was about the ute.

it he told the committee that as the Financial Times' conion that the column had been ining since 1955. Mr. Fisher, ever, had dated the alleged rioration from 1972 only.

r. Tether said that in send- Mr. Jones to deal with the orial side of the dispute the ncial Times had displayed an ude to the disputes comee "cavalier" to say the l.

y this time, the dispute had continuing for three years; Mr. Fisher would have been ired to do was to give up our or two of his time.

r. Tether said the disputes mittee found that arising n the requirements of Mr. ier there had been a change Mr. Tether's working condis concerned specifically with degree of independence he yed under the former editor, Gordon Nwton.

he committee quite clearly nd that as a result of Mr. her's editorship he had sufd a loss of independence, Mr. her went on.

he committee also recomnded that a meeting be anged between him and Mr. her in the presence of an NUJ ial and a representative of NJA in an attempt to establish an acceptable working relationship.

The committee did not specify the place of the proposed meeting, but the Financial Times took the initiative in suggesting the editor's office.

The union, however, cancelled this meeting and returned to the committee to argue that holding it in the editor's office would be unfair and fruitless.

But the committee did not consider these objectiions sufficiently important to prevent the meeting taking place and said that both parties should attend.

The Financial Times said Mr. Fisher would be available to meet him but he (Mr. Tether) wrote to the NUJ's national organiser, Mr. Robert Norris, saying he did not intend to accept any responsibility for the fact that a meeting of the kind the committee waned could not take place.

He had already made it clear that he would in no circumstances attend a meeting at the premises of the Financial Times.

There were sound reasons put before the committee for holding the meeting on neutral ground.

He thought he had made it clear there was one fact that had to be regarded as decisive —the fact that the Financial Times "harrassment" of him had in recent months been carried to such lengths that he was left with no alternative but to conclude that he could not trust them not to exploit the meeting by making tape recordings that would be under their control.

Mr. Tether said the letter reminded Mr. Norris that it should not be forgotten that the dispute involved legal issues wherein he (Mr. Tether) must take every precaution to protect his position.

It was totally wrong for the Financial Times to cite his unwillingness to attend the meeting in the editor's office as a justifiable reason for dismissal.

Refused

It was the union, not himself, which was party to the dispute, and accordingly it was the union which had refused to accept the decision of the disputes committee that he should attend.

It was grossly unfair of the Financial Times to make use of something which had happened while he was under the umbrella of arbitration to justify their decision to dismiss him.

He alleged that from an early stage in his editorship Mr. Fisher behaved towards him in a distinctly hostile fashion.

Mr. Tether described an occasion when, he said, Mr. Fisher asked for a record to be made of a private telephone conversation he was having with Mr. Fisher.

It was quite disgraceful that this record should have been submitted to the tribunal to be used in evidence against him.

Mr. Fisher's behaviour was the more serious in that the record of the conversation was neither complete nor accurate.

It concerned Mr. Fisher's reason for rejecting his copy that day.

The Financial Times had claimed that he was telling Mr. Fisher he could write what he liked when he liked, and that he regarded the use of the editor's prerogative as censorship.

That was not his position.

The hearing was adjourned until to-day.

Speke strike made official in 15th week

BY PHILIP BASSETT, LABOUR STAFF

A STRIKE by 2,000 workers at British Leyland's car plant at Speke, Merseyside, now in its 15th week, was made official yesterday by the Transport and General Workers' Union.

Shop stewards were jubilant because they feel the decision will force Leyland's hand and bring an end in the strikers' favour to the dispute over a local work practices agreement.

Mr. Jack Jones, general secretary of the TGWU, said the decision had been taken after talks on a formula for a return to work broke down this week.

Seventy per cent. of the strikers are members of the TGWU. The majority of the rest are members of the Amalgamated Union of Engineering Workers, and it is likely that it will follow the TGWU line and declare the strike official at an executive committee meeting next week.

Mr. Jones said it was decided to give official support to the strike to try and bring the dispute to an end as quickly as possible.

Mr. Moss Evans, general secretary-elect, will travel to Merseyside on Monday for talks with local union officials and possibly plant managers.

He is already considering whether the union should make official a five-week strike at the nearby Ford motor plant at Halewood.

The Speke strikers will receive £6-a-day dispute pay backdated to the start of the strike, last November. Merseyside union officials estimate this will cost £170,000.

The stewards now feel certain that Leyland will have to accept their interpretation of a 1972 work agreement on which the company's attempt to bring in new manning levels for the Speke plant rests.

The stewards feel that if Leyland does not make fresh proposals for negotiation then they could face the threat of widespread industrial action throughout the group.

Walk-out at Welsh plant

By Robin Reeves

SOME 200 engineering workers walked out on strike at the Llantrisant works of Powell Duffryn, the South Wales engineering group, yesterday in pursuit of their annual wages claim.

The company immediately issued a statement stating that in negotiations begun last November its engineering workers had been offered the maximum within the Government's pay guidelines, but that, this morning, they had broken off negotiations and withdrawn their labour.

TUC steel committee for talks on redundancy

By Nick Garnett, Labour Staff

OFFICIALS of the TUC steel committee are travelling to the East Moors steelworks, Cardiff early next month to discuss with British Steel management a voluntary redundancy scheme for the plant's workforce.

The negotiations, on March 8, will be preceded by talks between the committee and the 3,300 workers.

British Steel said yesterday that the talks, which from its side will be handled by Dr. David Grieves, the corporation's personnel director will be on the lines of those held at Hartlepool which eventually led to early closure of the Teesside plant.

The steel unions had said they were not prepared to discuss details for any early closure of East Moors following a 6½ per cent. pay offer they said was totally unacceptable.

That offer has since been improved to 9½ per cent., conditional on agreements for further economies, and large sections of the Cardiff plant have indicated they are prepared to accept a redundancy scheme, providing payments are sufficiently high.

Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation said the talks would cover acceptability of the plan't closure and the size of severance payments

Employers write tax guide for strikers

BY PETER CARTWRIGHT, MIDLANDS STAFF

A "STRIKERS' CALENDAR," setting out the best periods in the income ta xyear for union members and other employees to benefit from State regulations, has been drawn up by Coventry and District Engineering Employers' Association.

It points out that whereas *employees were disqualified from* receiving benefit if their unions supported strike action from which they were likely to benefit, they can now receive payments.

The best time for tax rebate from a striker's viewpoint is to strike from September to the following March. The report says: "The worst time is early April. The new tax year begins in April and no rebate is repayable."

The report says the notice period leading to a strike may also be used to accumulate overtime pay which would "buffer" employees from an immediate fall in income.

"There may be considerable overtime working immediately after the strike to recoup production losses."

So losses have to be weighed against future gains. The association has studied the local strike situation. In a recent nine-week strike, it says, average refunds were £75.50 to married and £43.60 to single men.

The association has calculated that the *difference* between working and being laid off for a single man is less than £11 a week. £35 a week basic and £24.15 if the lay-off exceeds three weeks.

A skilled fitter with two children can, says the association get lay-off pay of up to £54.28p against a basic £53.50.

Mr. Alan Berry, the director who presented the annual report yesterday, said that imposition of an incomes policy limited money arguments, which in 1975 accounted for 70 per cent. of claims going through negotiating procedure to conference level with local union officials.

These and other matters resulted in 50 per cent. more meetings last year than in 1976.

Clyde men's £10 parity claim

MORE THAN 6,000 Lower Clyde shipbuilding workers yesterday presented a claim to the Central Arbitration Committee in Glasgow for wage rises of up to £10 a week to bring them into line with workers at Govan Shipbuilders.

Mr. James Murray, Scottish Executive member of the Boilermakers' Society, told the committee that the workforce at the Scott Lithgow Group were becoming increasingly frustrated because their earnings were among the lowest in any British Ship builders' yard.

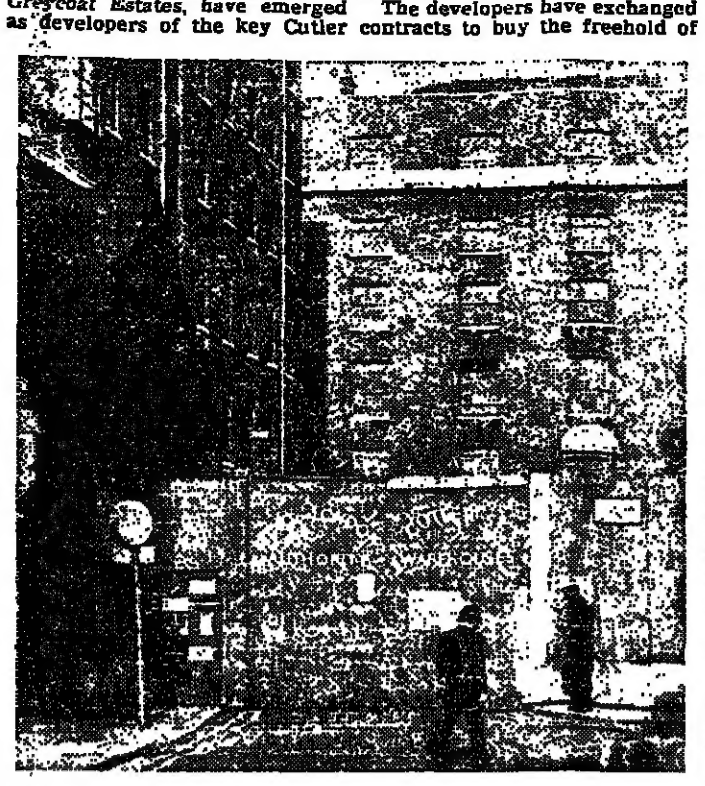
The Property Market

BY JOHN BRENNAN

Cutler Street launched

Standard Life Assurance, and the private property group Greycoat Estates, have emerged as developers of the key Cutler Street warehouse site near Liverpool Street Station.

The developers have exchanged contracts to buy the freehold of the 4½ acre City of London site from the Port of London Authority for £4.9m. Standard and Greycoat will go ahead with the existing Richard Seifert and Partners plan for a 790,000 square foot office development, one of the largest City office schemes ever undertaken.



Cutler Street warehouses, site of one of the biggest City office developments of all time, finally gets the green light.

Final details of the negotiations with the PLA were only completed in the past few days. And the developers are still holding talks with the Baltic Exchange, which had originally discussed plans to move its headquarters into the Seifert scheme at Cutler Street two years ago.

The Baltic Exchange's move disappeared from public view beneath confusion about the ownership of the site, and difficulties in finding a financing partner for the development.

Confusion over site ownership stemmed from the apparant purchase of Cutler Street by Ramon Greene and Jack Walker's English and Continental Property Holdings in 1973. E. and C. agreed to buy the site for £13m., paying a £3m. deposit, with the balance payable to the PLA over the next five years. In the event, E. and C. collapsed into the arms of its funding partner, the Crown Agents, and no stage payments were made.

E. and C. forfeited the £3m. deposit, the Crown Agents paid the PLA £½m. compensation for the default, and the PLA recovered the buildings in December 1976.

The PLA, advised by Philip Andrews and Co., has now resold the site, and the new developers have already set the Seifert plan in motion by awarding all the key building contracts. Sir Robert McAlpine has won the main building contract, and Matthew Hall and Co. are to carry out mechanical services work. Engineering has gone to H. L. Waterman, while Seifert has, naturally, retained the role of architect. V. J. Mendoza and Partners are appointed as the scheme's quantity surveyors.

Baker Harris Saunders, Richard Main and Teacher Marks acted as agents for Standard and Greycoat on the purchase negotiations.

Standard and Greycoat, which is run and owned by Geoffrey Wilson and Stewart Lipton are sticking firmly to the Seifert plans. The total scheme will have *790,000 square feet of* offices, restaurants, shops and space for leisure use with on-site parking. Many of the existing warehouse buildings will be retained, and the new buildings are designed to fit into the general pattern of the site, with brick elevations and landscaped courtyards.

External estimates of the total construction costs range from £30m. to £40m., making the scheme one of the largest ever City of London developments.

In terms of size Cutler Street even dwarfs Whitbread's and Trafalgar House's 520,000 square feet Chiswell Street scheme to the north of the Barbican. And news that Cutler Street is to go ahead will mean some complex adjustments to City of London office floorspace projections adding in one go the equivalent of all the speculative office space completed in the City during 1977.

A dusty showcase

Stockbrokers annual surveys are sometimes controversial, sometimes educative, and sometimes simply long. Quilter Hilton Goodison's review of the sector, published to-day, could not be described as controversial. It is long. But the chief impression is of a blackboard in print, with *Quilter's analysts* guiding the reader through a 27 page compilation of statistics, tables, rental charts and revenue projections showing that the market for real property and for property shares looks good in 1978.

It could be that the ghost of the private investor still haunts Quilter's corridors, for otherwise it is hard to see what audience this report is aimed at.

Interesting as it is, the report cannot be taken as a handbook for the hopeful property entrepreneur, nor as more than a very basic guide to the market for fund managers. Neither is the report packed with constructive criticism of individual companies, for in common with many other brokers, Quilter appears to take a bullish view of the sector to mean a bullish view of all its shares. Out of 40 companies covered in detail the broker recommends a "buy" for 26 and a "hold" for 14. No "sell" recommendations are recorded. "Hold" may, of course, mean "sell" on occasions, but that is another story.

Brokers' annual sector reviews are, of course, no more than a showcase for their research teams. Quilter's 1978 showcase *is packed with wholesome, but* modestly packaged facts. It's soundly argued case for property will be well received by the market. But there are no fireworks, no controversial views, nothing to spark a debate. Given the quality of the firm's property analysts it is disappointingly dull.

IN BRIEF

TOM JACKSON, General Secretary of The Union of Post Office Workers, has some strong words to say about pension funds' investment policies in February's edition of the magazine Pensions World, published this week.

"Trade unions," writes Mr. Jackson, "are likely to press for socially responsible financial policies on the part of pension funds." Judging by the rest of Mr. Jackson's comments that pressure would not bring cheer to the property market.

Mr. Jackson clearly does not see property investment as "socially responsible." He notes the British Rail fund's works of art, the electricity supply fund's stake in Brighton Marina, and, as a clincher, he reports that "the British Airways *fund owns* a farm." The Post Office Pension Fund, Mr. Jackson's own, bought £60m. of property last year, including £5.8m. of farmland.

Mr. Jackson thunders on to say that: "This is a blatant misuse of pension fund resources which have been created by workers and which should have been invested in the manufacturing sector, thereby attempting to halt Britain's industrial decline.

Government proposals that at least 50 per cent. of all pension bodies should be appointed by recognised unions give Mr. Jackson's views a chilling aspect. Hopefully, property investment will look less like a "blatant misuse of funds" to trade unionists appointed to fund management Boards, otherwise the classic "weight of funds" argument that provides such support for the property investment market will look rather redundant.

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G.K.N. has sold its 3.5 acre Lakeside Industrial Estate at Colnbrook, Berkshire to Anglia Lockwood Holdings for around £1.25m. A 102,000 square foot warehouse on site will be used by Anglia as a cold store. Jones Lang, Wootton and Edwards Bigwood and Bewlay acted for G.K.N.

•

OFFICE RENTS in Mayfair and St. James's rose by over 14 per cent. in the past three months, according to Drivers Jonas in *its latest review of the local* market, published to-day.

The *survey* shows that at the beginning of February there was just 448,560 square feet of offices available in the area, 36.7 per cent. less than in November, 1977. Lettings had been averaging around ½m. *square feet* a quarter over the previous 12 months, but in the pre-Christmas rush for offices the quarterly take-up rose to 410,000 square feet, cutting the number of office units on the market from 225 to 134. This surge in demand has pushed average asking rents from November's £7.79 to £8.90 a square foot, a rise explained in part by the take-up of older, smaller office suites.

Separate divisions within surveying firms only rarely generate business for each other. But Strutt and Parker's agricultural land advice for the National Freight Corporation's pension fund, NFC Pension Funds, has developed into a fully fledged property consultancy for the £70m. funds.

NFC is trying to bring its property investment portfolio up to around 25 per cent. of total funds, and it has gone £2.85m. of the way along that road with the acquisition of a Cheltenham office, and a *Bedford industrial estate.*

The fund has bought the freehold of Land and House Property Corporation and Equity and Law's 60,000 sq. foot "Quadrangle" offices, in Cheltenham's Imperial Square, for £2.3m. The price was calculated on a yield of just over 6 per cent., with an eye to sizeable reversions by the end of the decade. Barrington Laurance acted for Law Land and the insurer.

Strutt has also added 42,000 sq. feet of industrial space to NFC's books, paying £550,000, a yield of just under 8 per cent., for the freehold of a warehouse on the Elms Park *Industrial Estate at Bedford.* Healey and Baker acted for the vendor.

INDUSTRIAL AND BUSINESS PROPERTY

PROPERTY DEALS

Midland's £30m. move to Barnsley

HENRY BOOT Construction's 318-acre Wentworth Industrial Park near Barnsley has been chosen as the home for Midland Bank's new £30m. national computer centre.

Midland will announce to-day that it has bought ten acres of Wentworth Park for the centre, which will house around 450 staff by the autumn of 1980. The deal gives Boot a flying start in marketing its industrial estate, 160 acres of which have been zoned for industrial use. The rest of the land will be turned into a golf course with various estate facilities including a petrol station, post office, a restaurant and a kindergarten.

Boot expects to sell a further 10 to 15 acres of its site to own-developers, and to keep the rest. It plans an 80,000 square feet speculative first phase building programme, with units down to 10,000 square feet and letting for around £1.20 a square foot. The site lies within the Barnsley planning authority and just five miles from Sheffield. A direct link with the M1 motorway, and with the eastern end of the Manchester-Sheffield Highway should appeal to Northern distributors.

●

LEX SERVICE Group's former headquarters at 3 to 5 Burlington Gardens, W.1 have been taken over by De La Rue. The security printing and industrial holding company, advised by Hamnett Rafferty, paid a premium for the unexpired 24 years of Lex's lease from BP's Pension Fund. The premium equates to a rental of £13.50 a square foot.

De La Rue gets around 19,000 square foot of vacant offices and a number of sub-tenants on the first, and second office floors, and in shops around the block.

Smith Melzack acted for Lex on the disposal, and on acquisition of the group's new offices, 25,000 square foot in ATV House, 17 Cumberland Place. Lex took over Sperry Univac's leasehold for a premium equivalent to a rent of £8 a square foot.

●

BRAZIL'S second largest bank, Banco do Estado de Sao Paulo SA, is to pay £13.50 a square foot for new offices at 2, Finch Lane, E.C.3. The Bank, which is moving from Plantation House in Fenchurch Street, is taking a 20 year lease on the Worshipful Company of Merchant Taylors' 8,500 square foot Finch Lane building. Stanley Hicks and Son and Matthews and Goodman acted for the Merchant Taylors. Debenham Tewson and Chinnocks acted for the bank.

●

MERCHANT Investors Assurance Company has had a busy New Year. The group's fund managers, Richard Ellis, have added a £170,000 office in Bath, and £1.38m. of industrial space at Enfield to Merchant's portfolio.

The 6,150 square foot refurbished office at 41, Gay Street and 7, Old King Street, Bath, was once the home of John Wood, the architect who built Bath's Cresent, Circus and Queen Square. Merchant bought the refurbished building, which is let to C. H. Beazer and Sons, on a yield of just over 6 per cent. Barrington Laurance acted for the vendor.

In the industrial deal, Barnett Baker and Co., and D. E. and J. Levy brought together a private investor's freehold, and a private development company's leasehold on 78,160 square feet of Enfield warehousing; this brought the package to Merchant Investors, again represented by Ellis. The new scheme in Alpha Road, Enfield, is let in two units to Chubb Alarms and to Scholl (U.K.) for a combined rent roll of £101,000, that gives the fund an initial return of 7 per cent.

●

WITHOUT sufficient ready made investment properties to soak up institutional funds, many long delayed town centre redevelopment schemes around the country have been dusted down and financed into life in recent months. Walsall, near Birmingham, is the latest town to get the covered shopping centre treatment.

Viking Property Group of Derby announced yesterday that it is to carry out a £7m. development in Walsall providing 250,000 square feet of shopping space on a four acre site. The site is bordered by Park Street, Station Street, and Bradford Street.

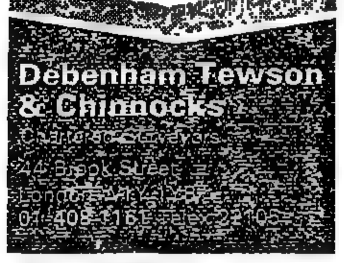
The site was assembled by Viking from land owned by the local authority, Bass Mitchell and Butlers, Land Securities' Ravenseft Properties, and the National Westminster Bank. The largest section of land comes from British Rail, which has granted a 150-year lease to Viking and its financing partner, the Prudential. The Rail Board is retaining the freehold.

Edward Erdman advised British Rail, and had earlier acted as planning consultant for Walsall Metropolitan Borough.

Marks and Spencer are the anchor store in the scheme, with a 60,000 square foot three-storey unit that will be built partially on, and over Walsall Railway Station. Viking, which was recently appointed developer of British Rail's 150,000 square foot shopping scheme at Liverpool Central Station, is building another 39,000 square foot store and 46 smaller shops within the Walsall centre. Taylor Woodrow has won the £4m. main building contract.

Further south, Leatherhead's on-off town centre redevelopment, a focus of local debate for nearly 30 years, moved one step nearer to reality this week. The private development group, Woldcrest, has now submitted detailed plans for a comprehensive redevelopment of the Surrey town's 4 acre central site. Unfortunately, relations between Woldcrest and the Mole Valley District Council are believed to be a little strained. The Council is now discussing the plans, and a decision can be expected in the next few days.

J.B.



Industrial and Business Property advertisements also appear to-day on Page 24

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

U.K. mini makers on the move

MAYBE AN ugly duckling, but never a lame one, could be the motto of Digico, the 12-year-old U.K. mini manufacturer which is likely to turn in some £2.8m. this year on present performance, with £4.5m. to follow. The audited 18 months to September returned something over £2m.

Following a rethink in sales policies, the company's output has expanded very fast in the last 12 months and the chairman, Lord Avebury, was able to announce recently record orders, deliveries and revenue/profits. Order backlog is just over £1m. for the first time and for the first four months of the current financial year, new incoming orders almost reached that figure.

According to Ken Atkinson, the sales director, Digico has so much experience in linking unlikely equipment to its compact computers and can provide so many interfaces as standard that it is high time the company started to blow its own trumpet—few in industry realise that it has around 750 installations in Britain, many of which are in round-the-clock situations demanding the utmost reliability.

Worldwide, the company has over 1,000 machines with representation in 14 countries and five more overseas sales centres under negotiation at the moment.

There is a considerable amount of development in hand at the moment to take advantage of the knowledge of research, educational and industrial needs the company has acquired and Digico is sticking to its philosphy of providing an extended high level language with correspondingly more hardware for a given price rather than ability to cope with a whole series of languages but with correspondingly less hardware.

Latest development is to trim down the company's existing 16-bit mini to the lowest possible cost, providing it with one or two floppy discs and all the essentials for scientific or commercial use.

The Consort comes in two models, one of which comprises single disc, teletype, BASIC compiler and the processor for under £5,000—ideal for educational or research use. In the second, twin discs, a small printer, a display and 48 kilobytes of system memory provide enough power for many small businesses at £8,500.

Interesting is that the design of the equipment is such that there is no problem in expanding stepwise up to the maximum processor power possible, notionally a stack of five machines linked by a clever 180-way backplane connector, driving enough peripheral equipment to add up to £180,000. This would include 30 terminals.

The company is making growing use of microcomputers as components to "tweak up" performance of its basic design where this would be an advantage.

At the same time, and while it already can outperform what the Americans are calling "midi" machines, the company has on the stocks a development that will provide ½ Megabyte of solid-state memory on a single board, for release later this year. This will give multiple users much more power and flexibility.

Digico developers think that solid-state stores can be developed to "look" like discs, but operate at ram speeds, and provide mass storage at relatively low cost.

Digico is expecting a great deal from its display, the Regent, which it is building itself to a specification considerably exceeding the industry norm, as much larger competitors have found to their surprise. It provides 80 characters per line in 24 lines of green on black with exceptionally large upper and lower case characters and simple switching up through the range 110/9600 baud. The unit is particularly suitable for operation between two character sets such as English and Arabic, as well as for business forms format displays, etc.

More from the company at Wedgwood Way, Stevenage, Herts. 0438 4381.

● NORTH SEA OIL

Samples the crude as it flows

WITH AN annual turnover of about £1m. and nearly £1m. worth of orders in hand, Jiskoot Autocontrol of Tunbridge Wells, Kent, is now exporting between 60 and 70 per cent. of its production of special purpose process control equipment and flow metering systems.

Much of the company's work is for the North Sea oil and gas platform operators who require flow control and sampling equipment and instrumentation for what is known as fiscal transfer, that is, sale of crude oil or gas in determined qualities and quantities. Apart from the buyers and sellers, the Government is a very interested third party.

Jiskoot's latest development is the improvement of an already well established automatic system for sampling crude oil as it is transferred through pipelines from the platform. The company has called it the Series 500 sampler and says it is capable of continuous sampling at pressures up to 1,500 lbs per square inch. It is suitable for use on most production platforms and at terminals and may also be adapted for other similar applications.

About 60 sampling systems of an earlier type produced by the company are now in service and about one third of these are in service in offshore and onshore North Sea installations. They incorporate a system developed jointly with BP and this system checks continuously that a unit is drawing a sample. Alarms operate in the event of a malfunction and when the sample receiver is full. The system is designed to be operated either from a local control panel or a remote control console.

A by-pass probe fitted into the pipeline draws off oil in minute quantities as samples for analysis and an automatic detector indicates immediately if the oil in the pipeline has been contaminated by water.

This method of sampling removes potential causes of dispute over quality between seller and buyer and at the same time ensures that the oil coming ashore is of consistent quality.

Jiskoot also produces equipment for controlling blending operations in refineries and the automatic proportioning of additives. Designed to operate unattended, the additive proportioners are claimed to perform with an accuracy of plus or minus 0.5 per cent.

The company is among the leaders in its field of activity but will be facing some very lively competition soon. Within the next week or so a new consortium of three established companies is expected to announce its entry into the arena. It is understood that a metering service covering the transfer of oil between rigs, shore terminals and consumers is to be offered together with equipment much of which will be made in the U.K.

● COMMUNICATION

Slides and sound in one case

FULLY SYNCHRONISED sound/slide presentation equipment with complete recording and playback facilities and self-contained in an executive case, has been launched by Audio Visual Equipment.

Included in the case is a hand control for programming or "live" presentations, a microphone for recording a commentary or for public address, and a detachable loudspeaker. The whole unit weighs 13 kg. and is small enough to fit under an aircraft seat.

It will automatically record and playback slide changes, has variable speeds of dissolve, superimposition, flashes, etc., and provides 12 W of sound. Background music, sound effects, commentary, etc., can be added from another tape recorder. Mains powered, the unit is intended for connection to a pair of standard Kodak Carousel S-AV 2000 projectors. These can also be supplied in a single case by the company.

More from AVE at 73, Surbiton Road, Kingston, Surrey, KT1 2HG (01-549 3464).

● SHIPPING

Mooring can be safer

DEVELOPED by British Hovercraft Corporation is a mooring line monitoring device which the company claims will prevent costly breakouts of tankers moored at quaysides or offshore terminals.

A problem for tanker skippers and shore staff is knowing when safe loads of lines are being approached as weather deteriorates: if lines part there follows an immediate likelihood of oil spillage. There is also the difficulty of knowing the stress history of the lines and when they should be replaced.

In the BHC system, load on the line up to 500 tonnes is measured by a load cell placed either in a tensile link in series with the line or by a cell housed in shear mode in a shackle pin.

Data from the cell is frequency modulated on to a UHF carrier contained in an adjacent electronics box on the buoy or terminal and is received at a shore station where it can be recorded. An alarm system, preset to a selected level is activated if safe load is exceeded.

More from the company at Cowes, Isle of Wight (098382 4101).

● EXHIBITIONS

Suppliers form up

A NEW exhibition, Peripherals 78 is to be launched in London in March and on its final day the formal inauguration will take place of the Peripherals Suppliers Association, PSA.

The event will take place at the Kensington Close Hotel, London, W.8 on Tuesday and Wednesday, March 21 and 22. About a dozen U.K. suppliers are involved so far and they will be showing display units, printers, plotters, carried drives and floppy disc equipment. There will be technical presentations in the afternoons.

More about the event, which is open from 10.00 to 18.00 hours and to which admission is free, from Mrs. H. Gibbons, Atterbury Associates, Gwles Hall, Buntingford, Herts., SG9 9PL (0763 71209).

● ELECTRONICS

Everything with the chip

AMI Microsystems has a 31-command remote control chip set with keyboard inputs, oscillators, and both analogue and digital receiver outputs all on board.

Consisting of a transmitter and receiver, the set reduces the part count in equipment designed for remote control via radio frequency, infra-red, ultrasonic or hardwire transmission media.

Among the applications are motorised toys, home security systems, automatic telephone calling equipment, industrial controls, TV and stereo controls, and traffic controls for emergency vehicles.

There is no need for external crystals; only a resistor and a capacitor are required externally for a frequency reference. The receiver will tolerate up to ±24 per cent. difference in the timing frequency and still operate. But the circuit has very high immunity to noise or spurious commands.

AMI Microsystems, 108a, Commercial Road, Swindon, Wilts. 0793-31345.

● MATERIALS

Tough flooring materials

BASED ON a low-viscosity epoxide system with graded flint and silica aggregate, Resicrete is a jointless flooring composition intended for tough, heavy duty applications.

Normally applied 6 mm thick in a loose-textured crumble form, it can be screeded, compacted and trowel finished with ease and rapidity. The low-viscosity resin system ensures freedom from stickiness or trowel drag.

Depending on ambient temperature, the floor may be suitable for foot traffic in a day, and a typical compressive strength after 48 hours at 18 degrees C is 6,000 psi. The maker says Resicrete has tensile and flexural strengths which are greater than for concrete, and resistance to abrasion and impact greater than for granolithic concrete.

Resistance to slip when wet is stated to be high, and when finished with a resin seal the flooring is impermeable to aggressive chemicals and hot fluids.

Details from Celtite (Selfix), Rough Close Works, PO Box 7, Alfreton, Derby DE5 7AD (077383 4941).

● HAND TOOLS

Labelling machines

NO RISK of incorrect pricing, no wastage of labels, and printing always in register, are among the claims made for a new range of hand labelling and pricing guns introduced by Avery Label Systems.

Called the Colt series, there are four machines available: a six digit version which prices from ½p to £99.99; eight digits from ½p to £999.99 plus alphabetical coding; ten digits from ½p to £9999.99 with numerical and alphabetical coding, including "sell by" dates; and a two-line model which prices from ½p to £999.99 and offers numeric coding plus a "sell by" facility. This version can also use a variety of special message slugs.

Details from the maker at Gardner Road, Maidenhead, Berks., SL6 7RU (0628 39911).

● RESEARCH

Looking at vapour leaks

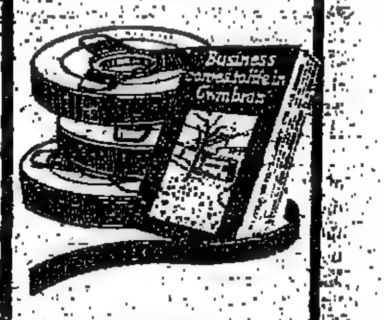
PUMPS IN petroleum and chemical plant are often handling explosive or toxic fluids, and vapour emission from the rotary seals has to be minimal.

Allowable safe exposure for workers over an eight hour period ranges from less than 1 ppm for the most toxic substances to 1,000 ppm for the less dangerous vapours. The lower level corresponds to leakage rates of about 50 micrograms/minute, which could only be measured with equipment similar to that used for gas chromatography.

To investigate vapour emission from rotary seals the Mechanical Engineering and Machine Tools Requirements Board of the Department of Industry has awarded a £25,000 contract to the British Hydromechanics Research Association (BHRA).

Engineers from BHRA will visit selected industrial sites to determine the effectiveness of rotary seals in containing volatile fluids which could be hazardous if they escaped. It will be established whether existing seals can adequately control emissions in critical applications, and it is hoped to publish numerical emissions values to assist plant designers.

BHRA, Cranfield, Bedford, MK43 0AJ (0234 750422) would like to hear from plant operators willing to allow emission levels to be measured. Results would, of course, be available to participants together with a copy of the final report.



The Management Page

EDITED BY CHRISTOPHER LORENZ

Why robots and trolleys may hold the key to Fiat's future

Terry Dodsworth explains how Fiat is using robots and trolleys to increase production flexibility and save on capital expenditure

E MOVING production line, ...pularised by Henry Ford and ...mortalised by Charlie ...aplin, has become such a part ...motor industry lore that it is ...icult to conceive of cars be- ...made satisfactorily without ... But little by little, manu- ...turers are nibbling away at ...technology on which it was ...ed, gradually adapting it ...il something quite different ...beginning to emerge as a ...mmercial proposition.

...uropean motor manufac- ...ers have tried various ...roaches in recent years. At ...vo and Saab in particular, ...e areas of manufacturing ...e been switched to group ...thods of working so that the ...ole of a product can be built ...at one work station. This ...hnique, designed to allow ...kers to revolve their jobs, ...ms to have reduced produc- ...ty by about 10 per cent. By ...trast, a new Fiat system of ...lding car bodies, which has ... done away with the tradi- tional production line, is more automated and is expected to be equally as productive as the standard methods.

The new system of welding together car bodies has been designed by the Fiat machine tool subsidiary *COMAU*. The idea is interesting because it has increased the automated element in the production process while abandoning the moving line. In the past this combination would have seemed like a contradiction in terms—automation was virtually synonymous with the moving line's ability to get parts to a given point in a swift, even flow.

What Fiat has done is to go back to the trolley, *one of the* artefacts of the original car factories, and develop it into an entirely automated device. In the car factories at the beginning of this century (and the odd specialist plant even to-day), trollies were loaded with bits of a car and wheeled around the plant until the complete vehicle was built up. Fiat is now copying that process for the car body.

The difference is that the Fiat trollies move automatically, guided over the floor on a series of invisible magnetic tracks. The course the trollies take over the production area depends on the instructions they receive from their computerised control system. If they go in one direction they will pick up the parts of one particular car body, and move down an automated welding line; if they move in the other direction they will pick up the parts of a different vehicle before taking their turn to go down the same line.

The second significant point about the Fiat development lies in the welding line. This is made up of a series of robots of the kind which are now a familiar sight in many car factories —the welding mechanism is positioned at the end of a long proboscis which probes in and around the body shell to find the appropriate welding point. These machines have been programmed to sense what kind of cars are being brought to them by the trollies; they select the appropriate welds and put them on without human intervention.

Fiat has been developing this system for several years, and extensive work has been done in collaboration with Digitron, a Swiss electronics company, on the automatic trollies. These are already in limited use at the large Mirafiori plant in Turin. But the company is now planning to put the Robogate welding system into full operation on the production lines for the launch of a new model this spring.

If the system works satisfactorily under the pressure of all-out, day-to-day production, Fiat hopes to see two main payoffs.

The first lies in marketing. The Robogate system should eventually give the company the ability to obtain much more production flexibility than in a traditional factory. This is because welding lines, which are already highly automated, contain a lot of fixed equipment which can be used on only one type of vehicle. If demand slackens for that vehicle, the line has to be run well under capacity; if demand goes up, the additional requirement cannot be switched to another line because it will not have the appropriate machinery.

Fiat believes that it will now have more choice about how its production is allocated. In the first stage, its new lines will be run for two different vehicles, but in the longer term there is *no reason why they should not* be programmed to take more.

This means that the company should be able to match the pattern of demand more closely than in the past. In effect Fiat is escaping from the straight jacket of standardisation which volume manufacturing has inflicted on car manufacturers as the penalty for increased productivity through high levels of automation. The company is *now aiming for* both automation and production lines which do not take one standard product in the interests of high volume as was the classic case with the Model T Ford.

Second, in the long run the new system may well reduce the requirement for capital expenditure. When a new model is introduced it will not be necessary to tear up or radically alter all the old lines. The trollies and robots can *simply* be adapted and reprogrammed. Fiat calculates that about 70 per cent. of the total capital of the system is attributable to the fixed components in it, the other 30 per cent. being alterable to take account of specific models to be assembled. Costs can therefore be amortised over a wider range of models than in conventional practice.

One other result of the Robogate system will be to alter the character of the work on the production lines. Fiat does not foresee a large-scale reduction of the labour force, although there will probably be some slimming. But the character of the work will become much more skilled, because more of *it will be in looking after* robots.

The company says the unions are in favour of this because it

avoids the monotony of the production line and increases earning power. Fiat itself is in favour because it appears to be a neat technological answer to the familiar union objection to being hauled off one production line to go to work on another. As a Fiat executive puts it: "If the men will not go to the job, the job has to go to the men. That is what we are doing."

...n just over four years Glen Electric has become ...hat it claims to be the largest manufacturer and ...xporter of domestic heating appliances in the ...ritish Isles. **Giles Merritt** reports

...Radiating new heat ...n Ulster's economy

...WRY IS a town unused to ...d news. It lies near Ulster's ...der with the Irish Republic ... *is the heart of lawless South* ...nagh. In recent years it has ...n some of the most vicious ...ing in Northern Ireland, and ...le it is quieter now it ...ains the battered and ...pondant air of a place where ...ost one man in three is on ...dole.

...et Newry is the scene of an ...ustrial rags-to-riches story ...t would be remarkable by ... standards. In the faltering ...nomy of Northern Ireland it ...probably unique. On the out- ...ts of town, not far from ...ere the British Army until ...ently maintained a sand- ...ged mini-fortress, a new ...board 20 feet high pro- ...ims "Welcome to Newry— ...e of Glen Electric."

...oday, the Glen group claims ...be the largest manufacturer ... exporter of domestic heat- ... appliances in the British ...s. When it started up just ...r four years ago it had seven ...ployees and five founding ...ectors who had mortgaged ...ir homes to put the necessary ...000 capital toward their ...ll venture. This year the ...kforce should reach 700 and ...s are likely to top £10m.

... major stride in this pursuit ...growth has been achieved by ... recent purchase of Dimplex, ... British heater manufacturer ...t Glen's managing director, ...rtin Naughton, describes as ...e Rolls-Royce of our indus- ..." The analogy is not too far ...ched, for Dimplex was in ...eivership. Despite an undis- ...ed quality image and an ...nings record that resulted in ...shares being 83 times over- ...scribed when it went *public* ...the mid-1960s, Dimplex had ...cumbed to the recession and ...other problems.

...he acquisition of Dimplex, ...elt a drastically scaled-down ...dow of its former self, has ...rnight pushed Glen Electric ...m the merely successful into ... big time. It bought Dimplex ... about £2m. (the precise figure is secret), and for 1978 anticipates £5m. sales from it. At a stroke, Glen has doubled *its turnover.*

Glen's image, now that it has shot from nowhere to become an industry leader, is inevitably that of an acquisition-hungry powerhouse. The truth is that it combined good luck with good judgment, is still very conscious of its humble beginnings and somewhat taken aback at its own daring. Martin Naughton and two of the co-founders are also mildly tickled by the fact that they are southern Irishmen taking giant strides in a British industry. "If people are saying 'the paddies are coming' watch out'," chuckles Naughton, "then that's no bad thing."

Until August 1973 all five Glen directors worked as middle-management for the Irish Republic's large AET electrical appliance concern at its Dunleer factory north of Dublin. They were convinced that a ready market for low-cost "utility" equipment existed and that a small, low-overhead operation could survive. They calculated that £150,000 would be needed to start up, but when seeking finance they turned to Ulster in the belief that Ireland's development agencies would scarcely help when AET already dominated the Irish market.

The Northern Ireland Finance Corporation—nowadays called the Northern Ireland Development Agency—put up £80,000 and took a 60 per cent. equity stake in return. It also, says Naughton, "held an option to dump us if there were heavy losses, and to take over itself." Factory premises were found on Newry's not over-crowded Greenpoint industrial estate and, together with their own mortgage borrowings and a bank loan, Glen was in business by October 1973. The shakiness of its launch was emphasised when at the last moment two other AET managers who seemed essential to the breakaway movement decided they dare not risk their livelihoods. As a sorry footnote, AET's losses are now around £5m., and it needs £1.5m. a year in state aid to survive *even in its present emaciated* form.

Since they were line managers, the founders of Glen had experience in such areas as production, design and marketing, but no great practical experience of the financial side of company management. To overcome this and also to provide other advice, Arthur Andersen, the management consultants, were brought in. They helped to assess what Glen's working capital requirements would be, what level of cash flow it would need to sustain its targets and drew up a three-year plan which has been subsequently updated at varying intervals to take account of the company's rapid expansion. They also gave advice, for example, on setting up stock control systems.

On the other hand, designs for the new range of utility heaters which formed Glen's basic stock were drawn up by the founding directors themselves. They also tried a different marketing ploy from what was the norm in the heater trade. Instead of taking *the traditional route of selling* primarily through wholesalers and then through retail outlets, they approached some of the major multiples, like Tesco supermarkets, Woolworths, and House of Holland direct, thus cutting out the middle-man and improving profit margins.

Thanks to the oil crisis and the recession, this marketing tactic gave Glen an advantage almost immediately. Theirs was the silver lining to the cloud that ruined Dimplex, for the British brand leader was over-reliant on the storage heater market when that collapsed. Glen had originally budgeted for sales of £400,000 in 1974 and was prepared for small losses, but hoped to break even the following year with sales of £600,000. In the event, its first year turnover topped £400,000, yielded a small profit and by 1975 sales were over £1m.

By early 1977 sales were set to pass £2m. and *profits* had already allowed the Glen directors to buy back equity so that they owned almost 90 per cent. of the company. The range of radiator and convector heaters had been *expanded to include a clothes-*dryer and £750,000 was invested in a subsidiary called Greenpoint Appliances, also on the Newry estate, to make small products such as kettles. Glen was no longer simply a thriving workshop but a fully-fledged industrial manufacturer, and one of the chief reasons for establishing a physically separate subsidiary was Martin Naughton's conviction that units employing much over 200 people are hard to manage.

Last September, to complement the Greenpoint Appliances operation, Glen took over a small Welsh manufacturer called Haddock Horstman, thus adding a fan heater, towel rail, window fan, table cooker and greenhouse heaters to the range.

That acquisition had scarcely been digested when Glen found that it was contemplating what Martin Naughton now describes as a quantum jump. The idea of taking control of Dimplex, which in its heyday had annual sales of £15m., he says, "broke all the rules we knew and apparently broke most of the receiver's rules as well." But *backed once more* by NIDA cash and the enthusiasm of Arthur Andersen, the Newry company decided to make an offer.

If Glen has a problem now, just two months after the deal was signed and sealed, it is probably one of management capacity. Almost all of Dimplex's operations will remain in Southampton, where a labour force of about 150 is concentrating on its valuable export business. To that extent *Naughton's maxim regarding* the size of units in the Glen group still holds good. The worry is that management, as opposed to technical, skills are in comparatively short supply at Glen.

Right now Martin Naughton is hiring a financial controller from Mitsui Denman, a Japanese-owned company in Cork, and thinking about graduate recruitment as a basic policy. Most of the management donkeywork he is still doing himself, but that is scarcely surprising in a business that is still slightly amazed at its own success and the way things have developed. It is, *after all*, only months ago that Naughton went to see Dimplex "to do a bit of snooping around. It was purely industrial espionage."

An all too familiar scene in Newry-Glen Electric's home town.

Moving towards the better manager

COMPANIES should provide far greater in-house job mobility for their managers so that individuals can expand their horizons and show what they can do, Mr. David Montagu, chairman and chief executive of Orion Bank, told a seminar on management pay and productivity last week.

Mr. Montagu said it was essential that a company's management structure be as flexible as possible. This flexibility was only possible if an organisation had a really well planned training system the purpose of which was to extend a manager's professional experience, make him competent in a variety of fields, and test him in challenging new situations.

Reluctance

"Too often, companies which have engaged an individual in one area, are quite content to let him perform, either well or indifferently, just in that area," Mr. Montagu said. "The reluctance to test him elsewhere is understandable, the usual excuse being that he is fully occupied earning his keep in that position; but it is nonetheless a long-term waste of assets.

"The need to have a continuous programme of training touches on a fundamental point about management structure: that is, encouraging interchangeability of staff in order to guarantee a continuity of succession.

"A well organised system should make it a positive policy to make certain that nobody—and that includes the chief executive—is indispensable. I do not mean this in the long-term sense—I mean it in the sense of having managers and directors who are capable of taking over in an emergency, or during a sudden rush of projects or in some similar situation. This presupposes that the substitute is qualified and this can only be achieved by training."

Mr. Montagu admitted that it was pointless detaching a busy specialist from a particular project just because a vacancy had arisen elsewhere. Yet in principle, flexibility could only be maintained by presenting managers with new challenges.

He said training should be jointly planned by managers and their personnel departments so that the needs of both the individual and the organisation were matched. A similar, joint approach should be taken to the monitoring of a manager's performance.

"The main point is that monitoring it should have the active participation of those involved. I am not suggesting an endless process of Maoist group self-examinations at the end of the working day.

Effective

"At the other end of the monitoring spectrum is the situation where the executive suddenly finds his name no longer on his desk. Somewhere in between lies an effective process: where what an individual thinks he is doing is measured against a reasonably objective assessment of those with whom he works and to whom he reports. In this way the road to promotion can be agreed and the milestones ticked off as they come into view."

The seminar, which was held in London, was organised by Berndtson International and ORC (U.K.).

Sue Cameron

LOMBARD

Double counting in the City

BY ANTHONY HARRIS

THE BANKING figures this week burst on a financial market which was already partly demoralised. The gilts market had been soggy not only because the money supply was above its official ceiling, engendering a fear of official action, but because the savings institutions are beginning to feel a little glutted with fixed interest stock, and because some foreign holders have been taking their profits. This last, by the way, although it depresses prices while it happens, actually tends to reduce the money supply, but no-one seems to have noticed that.

Troublesome

Since the market nearly always talks its book, analysts were looking for reasons to be gloomy even before the banking figures appeared, and had found at least two which have become a temporary part of City folklore. The first is that private demand for bank credit is bound to rise sharply this year because the economy is recovering. The second is that although the growth of public spending shown in the White Paper is quite modest in real terms, the rise in funding which will be required is still troublesome. Refinancing nationalised industry currency borrowing and export credits may be pure book-keeping, but it still means that extra stock must be sold. Both of these seem to be half-truths.

The loan demand worry seems to have gained a good deal of impetus from remarks in the Bank of England's Quarterly Bulletin to the effect that the foreign inflow did not make very much difference to the money supply, because much of it enabled British companies to finance themselves from abroad without borrowing from the banks. When the inflow stopped, they would start borrowing again. This is important and absolutely true as far as it goes, and there has indeed been some rise in loan demand since the inflow stopped. However, some analysts now seem to be projecting this rise into the future, and coming up with some quite improbable numbers.

Corporate borrowing has not been rising in recent months: it has almost certainly been falling, and quite sharply. It is only that part of borrowing financed by our own banks which has risen—but that could well ease off too. When it does begin to rise again towards the end of the year, it will be from a low base.

Few people in the City seem to have any real measure of how enormously a falling inflation rate helps company finances (just as a rising rate strains them). The early stages of the consumer boom will actually help corporate cash flow a good deal. The corporate demand for funds which sucked in money first from abroad and then from the banks is easing rather than rising. Worry on this score is double counting.

There is probably double counting too in the arguments about refinancing currency borrowing and the like, though the argument here is a little more complicated. Of course a mere change in the currency denomination of public sector debt does not add to total borrowing, but if the sterling proportion of that debt increases, then you might think that sterling borrowing will have to rise all the same. The logic looks impeccable, but it ain't necessarily so.

It is true that sterling will have to be borrowed if the dollar debts of the Coal Board or whoever are simply repaid with fresh-bought dollars, leaving everything else as it was before: but is this what is going to happen? The fact is that the authorities do not have to buy dollars in the market: it can equally get them by selling some of its remarkably enlarged portfolio of dollar assets. The Treasury would report a fall in the reserves accounted for by official transactions.

Sensible

This is normal routine, and does not upset the markets in the least; on the contrary, responsible pink journals would normally remark that there has been no underlying change at all. The decision about how to handle the refinancing, if the officials concerned are sensible, will simply be a matter of the intervention needs dictated by the currency market at the time. If we are propping up the dollar, we will buy the dollars: if not, not. The important point, if this is right, is that City forecasts already take account of the funding implied by forecast inflows, or the balance of payments surplus. To worry in addition about borrowing to refinance currency borrowing is double counting.

Yet the banking figures are genuinely worrying and, what is worse, they have made a lot of City forecasters look uncommonly silly. I just hope that they will remember that not all mistakes are on the optimistic side.

AROUND BRITAIN

GLASGOW

Renewing the tube

BY RAY PERMAN

GLASWEGIANS have been struggling to work every day for the past nine months without their beloved underground railway, which met an untimely end when cracks began to appear in the roof of the tunnels. Since then it has been sheltering from public gaze behind builders' hoardings at its 15 stations, undergoing an extensive modernisation to put it once again at the heart of the city's public transport system.

The wooden carriages, many of them originals from 1896, missed their own scheduled farewell—a week of nostalgic trips around the six mile circle. But it was more than falling plaster that finally killed the line. In its twilight years the trains had become unreliable and had also lost many of their customers through redevelopment of the tenement areas along the south bank of the River Clyde. The number of passengers per year had dropped from a peak of around 35m. in the 1950s to 12m.

The £33m. updating programme now going on is scheduled to be completed by May 1979, although the Greater Glasgow passenger transport executive is hoping to do more than merely reinstate the railway in its old form. Without extending the system, which would be prohibitively expensive, it has to be made to adjust to the fact that much of the population has moved out of the city centre and that the location of its work has also channged.

Rather than take shipbuilders from their homes to the yards along the Clyde and the middle-class professionals from the elegant west-end to their offices in the centre, the circular route is planned to act more as a distributor for commuters coming in by car, by bus or on British Rail's electric Blue Train services.

Interchanges

Bus termini and park-and-ride points are being built next to several of the stations and there are to be new interchanges with the Blue Trains at Partick, where the BR station is being moved 400 yards, and at Queen Street, where an underground moving walkway is being built.

In addition, British Rail is reinstating the Argyle line, which was closed during the Beeching era. Coming in from the south-east of Glasgow it will run under the main shopping streets and central station before joining the Blue Train line.

Six underground stations are being completely rebuilt, with the chambers considerably enlarged to take new platforms on either side of the lines rather than the narrow island platform which was a feature of the old system. In some places this entails cutting into the rock, but near the river piling dams have had to be constructed around the workings to prevent flooding from the soft subsoil.

Very little structural work is having to be done to the tunnels themselves—an important factor in keeping down the cost and securing Government approval for the scheme. Even under the river the cast-iron segments that line the tunnels are sound, a testament to the workmanship that enabled Clydeside foundries to lead the Industrial Revolution.

New signalling and cables are installed and the track is being relaid on a bed of concrete, rather than on ballast, which tends to shift on the curves, necessitating continual realignment.

The new system will be completely automatic, although each train will still have a driver/guard, in touch with the control centre by radio. Closed-circuit television will monitor each station.

But the pride of the new Glasgow underground will undoubtedly be its rolling stock. An example of the 33 orange cars ordered for the line has already been on show in George Square in the city centre and has attracted widespread interest and approval from potential passengers.

Narrow tunnels

The narrowness of the tunnels (they have an 11 ft. diameter) has imposed a scale on the carriages which, to the traveller accustomed to London tubes, makes them look almost like children's railways. The 4 ft.-gauge of the Glasgow track also taxed the ingenuity of Metro-Cammell's engineers, who are building the rolling stock in Birmingham. The standard motors, hydraulic system and automatic control equipment, designed for the normal 4 ft. 8.5 in. gauge, had to be compressed into the narrow axle width.

Glaswegians were amused by the windscreen wipers on the front of the trains and some assumed they were for the spray caused by leakage from the Clyde into the tunnels. The old carriages had no need for wipers, since, like pit ponies, they never saw the light of day.

There was no ramp from the tracks to the workshops, so whenever one needed repair it had to be hauled off the track by crane into a covered maintenance depot.

Those old shops will be used only for stabling. New workshops have already been built at Govan with ramps connecting them to the lines and there is an outside test track (hence the need for weather equipment). Less maintenance and greater reliability are essential to win back customers.

The planners do not expect a return to the peak years of the underground system, but at least hope that the number of passengers a year will double to 25m. A new range of tickets is being developed to cover combined rail and underground journeys and the frequency is being improved to three minutes between trains. A "shoogle" round the circle, when Glaswegians can again make it, will take 22 minutes—six minutes less than the old time.

Rodman in fine heart

RACING

BY DOMINIC WIGAN

THE POSSIBILITY of racing at Kelso this afternoon was ruled out yesterday after stewards had inspected the snow-blanketed Scottish track, but Newbury should be on. Here, by far the most interesting race seems to be the Stroud Green Hurdle, in which Rodman puts his reputation on the line.

Rodman, 2-1 favourite for the Daily Express Triumph Hurdle—a price which Fred Winter describes as ridiculous, saying "He's not that far in front of the rest"—has not run since justifying odds of 11-2 on at Chepstow before Christmas.

But he is reported to be in fine heart, and I shall be disappointed if he cannot master Atlantic Bridge, of whose prospects Toby Balding is highly hopeful.

If there is to be an upset, I believe that the outsider, Christmas Time, could well be the cause. This David Morley-trained newcomer to hurdling has been schooling impressively and would not be taking his chance in such illustrious company if Morley was not optimistic of a forward display.

Looking ahead to to-morrow, a field of 25 or 26 is expected for Britain's most competitive handicap hurdle, the Schweppes Gold Trophy.

Bill Smith's mount Dramatist—a winner twice already at Newbury's hurdles course—whose trainer, Fulke Walwyn, sent out Tammuz to beat 27 rivals in this race three seasons ago, now seems likely to wind up favourite.

The Saxon House seven-year-old, whose stablemate was also seven when he scored, has displaced the long-time ante-post favourite, Kybo, in some books. It will come as no surprise if he is the medium of further strong support.

Two others I expect to see in demand are Dramatist's stablemate, Peterhof, and True Lad.

The former, who has not run since finishing sixth of 13 when favourite for the L'Oreal Hurdle here on New Year's Eve, is reported to have been working well recently.

It must also be remembered that it was in the Schweppes a year ago that True Lad produced the best National Hunt performance of his career—a neck victory over Flying Diplomat, with 25 others beaten off.

Latest Schweppes odds: 13-2 Kybo and Dramatist; 12-1 Comedy of Errors and Pinchow; 14-1 Attivo and Narribini; 16-1 Dyscole, Nougat, Regents Garden and Stopped; 20-1 bar.

NEWBURY

1.30—Aloha Prince
2.00—Ballinlonig*
2.30—Rodman**
3.00—Summer Dance
3.30—Charlotson
4.00—Sounding Arch
4.30—Anthony of Padua***

British men in battle to avoid relegation

TENNIS

BY JOHN BARRETT

LAST NIGHT at the Farnborough Sports Centre, the British men's team was involved in the first of the two play-off matches against Yugoslavia to determine which nations avoid relegation to Division II of the King's Cup competition.

For Paul Hutchins, the British team manager, and his team this has been a most disappointing campaign. Early in January, with John Lloyd, fresh from reaching the final of the Australian Open, John Feaver, eager to prove himself at last in live competition after years as the bag carrier, and David Lloyd backing good doubles form, hopes were high that Britain might at last win this European indoor team championship.

But a series of disasters overtook them. The opening match against Sweden was lost on the doubles when Mark Cox, deputising for John Lloyd, who had not got the long journey from Australia out of his system, lost to Kjell Johansson, whom he had beaten the previous November with some ease.

The journey to Vienna provided another shock when both singles matches were lost.

After a comfortable 3—0 win against Spain, the last chance to recoup the situation was lost in Sweden where, again, both singles went against us. The last straw was the 2—1 loss to Austria at home—again on the doubles. Following that, the 2—1 defeat in Spain underlined the misery.

Clearly something has gone wrong. I suppose the first reason has been the lack of convincing form by John Lloyd when he seemed at last to have moved into a higher class. John Feaver, too, has disappointed, despite the fact that the matches have been played on fast Bolteх courts which suit his serve and volley game. Finally, the edge seems to have gone from the Lloyd brothers' doubles performance—due partly to the fact that they play so rarely together during the course of the season.

None of the major nations has fielded its top-rank players—Borg of Sweden and Orantes of Spain have both been following the Grand Prix trail, as have Britain's Mark Cox and Buster Mottram.

It seems inconceivable that these two matches against Yugoslavia will be lost, for their No. 1, Nikki Pilic, is not playing and their singles men, Dragan Savic and Zoltan Ilin have so far managed to win only one match in the series.

Assuming a successful outcome, Hutchins will need to think more carefully about the way the team prepares for such matches. There probably lies another reason for a lack of success this time.

Furniture realises £34,875

SALEROOM

PAMELA JUDGE

ENGLISH and Continental furniture at Christie's yesterday realised £34,875. The highest price, £1,000, was paid by Yuen for a late George III mahogany secretaire cabinet. A set of six late George III armchairs went to M. J. Bragge, a Kent dealer for £980; a Victorian ebonised and scarlet Boulle cabinet fetched £950; and Ossowsky gave £850 for a George III mahogany cylinder bureau.

Christie's South Kensington held a sale of toys and children's books which totalled £7,721. A doll museum in Brighton acquired a clockwork lion for £170 and a rare coloured tinplate fly-wheel-driven cokerel, pulling a cart containing an Easter egg and a rabbit, for £150.

A painted, pressed cloth-headed clockwork cyclist went to Haley for £380. Anstey paid £160 for "Urania's Mirror or a view of the Heavens."

A Chiparus bronze-and-ivory figure of a dancer made the highest price, £1,800 from Maier, at Phillips' sale of Art Nouveau and decorative arts. Baker gave £1,700 for a Galle merqueterie-sur-verre tapering vase with a tulip neck.

A moose head went to Morse for £95 at a general sale by Phillips West 2 in which Sarti bought a 19th-century mahogany break-front bookcase for £1,450 and Godson a Victorian mahogany secretaire Wellington chest for £320. An oak Breton cupboard fetched £470 from Adrian Allen. The sale total was £30,230.

British and Continental pewter at Sotheby's fetched £27,164. Bellamy bought a Stuart candlestick at £1,050 and a "plate or saucer," a bit buckled since it was raised from a wreck, at £360.

At Crewkerne, Somerset, Lawrence Fine Art auctioned printed books, historical documents, manuscripts and autograph letters. Acting for an Australian archive, Quaritch gave £6,200 for some journals of Cdr. John Henry Norcock and Vice-Adml. Charles James Norcock relating to the early days of Sydney.

Christie's total £69,565 for first fine wines

BY EDMUND PENNING-ROWSELL

PRICES were very firm in Christie's first fine wine sale of the year yesterday. The total was £69,565, and record prices were paid by British as well as foreign buyers for post-war first-growth clarets.

Lafite '45 at last topped the £100-a-bottle mark with £1,250 a dozen. Other records include 740 a dozen for Ch. Margaux '45, £460 for Mouton-Rothschild '59, £700 for Mouton-Rothschild '61, £460 for Cheval-Blanc '61, and, most surprising of all, £920 for Ch. Margaux '61, which after a saleroom tussle fell to a Middle Eastern buyer.

A dozen of the same wine fetched £500, itself a record.

Among other prices particularly high were £900 for Mouton-Rothschild '45, 800 for Latour '45, £460 for six magnums of La Conseillant '45, £420 a dozen for Ch. Margaux '47, and £540 for Lafite '61.

Small quantities of much older clarets were equally in demand, with £300 for three bottles of Lafite 1874, £66 for a single bottle of Lafite 1893, and £155 for two bottles of Latour 1893.

Burgundies fetched higher than usual prices.

A bottle of Yquem '45 made a record of £98, and £180 was paid for a bottle of 1811 Napoleon cognac.

Philips backs motor race

THE FIRST round of the 1978 European Formula Two Championship at Thruxton on Easter Monday will be sponsored by Philips Car Radio.

BBC Grandstand will televise the race.

The two-day meeting will include Formula Three, saloon car, Formula Ford and thoroughbred sports car races.

TV Radio

† Indicates programme in black and white.

BBC 1

8.30 a.m. For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.05 For Schools, Colleges. 3.00 Trem. 3.30 The Sky at Night. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 It's the Wolf. 4.25 Jackanory. 4.40 The Clangers. 4.55 Crackerjack. 5.35 Paddington.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.40 Sportswide.
7.00 The Pink Panther Show.
†7.20 "Sherlock Holmes and the Secret Weapon," starring Basil Rathbone.
8.30 Porridge.
9.00 News.
9.25 Gangsters.
10.20 To-night (London and South East only).
10.50 Regional News.
10.51 Max Boyce in Concert.
11.25 The Late Film: "Assignment K," starring Stephen Boyd.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Sioncyn Sboncyn. 5.55-6.20 Wales To-day. 7.00 Heddiw. 7.25 Young Musicians of the Year. 8.00-8.30 Sykes. 10.20 Kane on Friday. 10.50-10.51 News for Wales. †11.25 "Sherlock Holmes and the Secret Weapon," starring Basil Rathbone.

Scotland—10.23-10.45 a.m. and 11.05-11.26 For Schools. 5.55-6.20 Reporting Scotland. 8.30-9.00 Current Account. 10.20 Spectrum. 10.50-10.51 News for Scotland.

Northern Ireland — 10.23-10.38 a.m. For Schools. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.20 Gallery. 10.50-10.51 News for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich): Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth). 10.20-10.50 East (Norwich) On Camera; Midlands (Birmingham) Gangsters; North (Leeds) Jimmy Savile's Yorkshire Speakeasy; North East (Newcastle) Darling Grace; North West (Manchester) Sit Thi Deawn; South (Southampton) The Young Question; South West (Plymouth) Peninsula; West (Bristol) The Past Around Us.

BBC 2

11.00 a.m. Play School.
6.50 p.m. Open University.
7.00 News on 2 Headlines.
7.05 Discovering Patchwork.
7.30 Newsday.
8.05 Kilvert's Diary.
8.20 Reporting China.
9.25 Pot Black 78.
9.50 Petula . . . and Songs of Love starring Petula Clark.
10.35 The Mayor of Casterbridge.
11.30 Late News on 2.
11.40 Darts: Embassy World Professional Darts Championships.

LONDON

9.30 a.m. Schools Programmes. 11.55 Felix the Cat. 12.00 A Handful of Songs. 12.10 p.m. Rainbow. 12.30 Cuckoo in the Nest. 1.00 News plus FT Index. 1.20 Help! 1.30 Money-Go-Round. 1.55 Beryl's Lot. 2.25 Friday Matinee: "The Sheriff of Fractured Jaw," starring Kenneth More and Jayne Mansfield. 4.15 Horse in the House. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Mind Your Language.
7.30 Maggie and Her.
8.00 General Hospital.
9.00 The Professionals.
10.00 News.
10.30 Police 5.
10.40 An Audience with Jasper Carrott.
11.10 Baretta.
12.05 a.m. George Hamilton IV.
12.35 Close — Mahdav Sharma reads some sayings from the Tao Te Ching.

All IBA regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.25 Friday Film Matinee: "Seven Sinners." 3.50 Out of Town. 5.15 Happy Days. 6.00 About Anglia. 7.00 Miss Anglia. 10.30 Probe. 11.00 Friday Late Film: "Desire Me." 12.45 a.m. Men Who Matter.

ATV

1.20 p.m. ATV Newsdesk. 1.55 Indoor League. 2.25 The Sullivans. 3.25 Beryl's Lot. 3.50 Stars On Ice. 5.15 Wish You Were Here . . . ? 6.00 ATV Today. 10.30 The Price of Fear: "Cry of the Banshee."

BORDER

†1.20 p.m. Border News. 1.55 Betty Boop Cartoon. 2.00 Matinee: "The Runaway Bus." 3.50 Beryl's Lot. 5.15 Happy Days. 6.00 Lookaround Friday. 10.30 Borderers. 11.00 TV Movie: McCloud. †12.45 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 1.55 Cartoontime (Betty Boop). 2.00 Beryl's Lot. †2.30 The Friday Matinee: "Catherine The Great." 6.00 Report At Six. 10.28 [illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible] West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report Extra. †11.05 The Friday Film: "Happy Is The Bride."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.15-4.45 Camau Cantaint. 6.00-6.15 Y Dydd. 7.30-8.00 Showcase. 10.35-11.05 Outlook.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 1.55 Betty Boop. †2.00 Friday Film Matinee: "Easy Money," starring Greta Gynt. 3.45 Cartoon. 3.50 Beryl's Lot. 5.15 Pinof and Friends. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Phyllis. 10.30 Ways and Means. 11.00 Futures. 11.15 Late Call. 11.25 Baretta.

SOUTHERN

1.20 p.m. Southern News. 1.30 Indoor League. 2.00 Women Only. 2.25 Friday Matinee: "The Mark of Zorro." 3.50 Beryl's Lot. 5.10 Weekend. 5.20 Crossroads. 6.00 Day by Day (Channels 6, 11, 27, 42, 35 and 60). 6.00 Scene South East (Channels 10, 43, 64 and 66 only). 6.30 Out of Town. 10.30 A Southern Report. 11.00 Southern News Extra. 11.10 "The Terronauts."

TYNE TEES

9.20 a.m. The Good Word followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 1.55 Wish You Were Here. †2.30 Friday Film Matinee: "You Pay Your Money." 3.40 Cartoon Time. 3.50 Beryl's Lot. 5.15 Mr. and Mrs. 6.00 Northern Life. 10.30 Sportstime. 11.05 The Friday Night Film: "Dr. Jekyll and Sister Hyde." 12.40 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. †2.00 Friday Matinee: "Lydia," starring Merle Oberon and Joseph Cotten. [illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

(S) Stereophonic broadcast

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,590

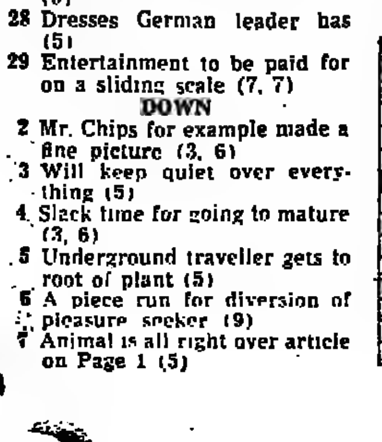
ACROSS

1 Youth employment officer is responsible for nepotism (4, 3, 3, 4)
10 Country it is fashionable to help back (5)
11 Make material before tea break (9)
12 Well-fingered reading aid (7)
13 Way round in drill (7)
14 Fruit making history (5)
16 Work hard to give vassal a method (5, 4)
19 Dramatic start with screen raised (7, 2)
20 Thread woven into many long stockings (5)
22 The most humble offers me a resting place (7)
25 Elected to taste drink one would find tasteless (7)
27 Oriental quarter of Dresden (9)
28 Dresses German leader has (5)
29 Entertainment to be paid for on a sliding scale (7, 7)

DOWN

2 Mr. Chips for example made a fine picture (3, 6)
3 Will keep quiet over everything (5)
4 Slack time for going to mature (3, 6)
5 Underground traveller gets to root of plant (5)
6 A piece run for diversion of pleasure seeker (9)
7 Animal is all right over article on Page 1 (5)
8 Stage set for row on railway (7)
9 Transgression (serious) of fabulous sailor (6)
13 Very old friend is a draw on board (8)
17 Fire engine, perhaps, upset pal in cape (9)
18 Determination to write a testament to electricity (4, 5)
19 Funny talking company on motorway to American state (7)
21 Knotted without any medicine prescribed (6)
23 Strange for boxing champion to take on Cockney layer (5)
24 West-end cupe is prickly in the bush (5)
26 It makes sense to sit around the General Hospital initially (5)

SOLUTION OF PUZZLE No. 3,589



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nema

Prussian poser by NIGEL ANDREWS

Briest — Gate
ine by the Marquis de Sade Single showings at Paris-Pullman, Phoenix, ICA and Covent Garden Cinema
Crazies (X) and Tracks (X) Screen on Islington Green
dleshoe (U) Odeon St. Martin's Lane
a Knievel (A) — Casino

cannot remember exactly it I said about Fassbinder's Briest when it was premiered he 1974 Berlin Film Festival. I know I disliked the film and ned people to stay away uld it ever come to London. ereby—and not for the first e in my critical life—eat my ds. My only excuse for the y aberration was that I was ler the influence of having read (homework, not coin-ence) the novel by Theodore itane, which tells the story of young girl whose spirit is ken by the oppressive pro-eties of 19th century Prussian ety, and expected Fassbinder provide a loving and opulent reation.

istead Fassbinder has done, quite rightly, his own thing. has not given Fontane's story BBC Classic Serial treatment: sh with gorgeous colour, rling costumes and spurious amentation. Instead he has le a 2½-hour meditation in ck-and-white: a film which not nuch "dramatises" Fontane's ld (synonym too often for amorises") as renders it down into all its chilling, concentrated austerity.

Fontane's heroine was a young girl, daughter of a wealthy businessman living near Berlin, who is gently pushed into marriage with an older man who once courted her mother. The "gentle pushing" is done partly by her parents, partly by the encouragement of a society which sees in the sacrament of Respectable Marriage a sort of universal moral cure-all. Her husband is a Prussian diplomat, Herr Instetten: a kind, worthy, boring man with whom she settles, at first unresistingly, into a kind of bleak contentment. But she meets a handsome major and has a secret affair with him. When news of the liaison accidentally leaks out years later, she is renounced by both her husband and her parents. But this is a society that first wounds with cruelty, then kills with kindness. Her parents take her back, too late for her health and her morale ever to recover from the blow, and nurse her gently through her dying days.

Fassbinder's film engages our emotions to the full: but it goes a daring and indirect way about doing so. The story is held at arm's length, as it were: with static camerawork, slow, mesmerised performances, a voice-over narration, the use of "chapter titles." But far from seeming bookish and remote as a result, the treatment leads us right into the cold heart of Fontaine's society. Fassbinder's decor is marvellously apt. Mirrors, paintings and neo-classical statuary abound: mirrors for self-regard and self-importance, paintings and statues for a society frozen into predetermined poses by moral and aesthetic orthodoxy. In many of the film's shots you have to blink twice before working out which are the live characters and which are the objets d'art.

To call a film like this "exciting" will seem sheer perversity to anyone who has sat through it, as I did the first time, with glazed and gloomy exasperation. But I have never seen a more brilliant solution to the problem of translating a book to the screen. Fassbinder has not tried to sweep the film's literary antecedents under the carpet: he has made them part of the film's style. In some scenes, the voice-off narration continues the story into the future while the visual images fix it in the present. Thus we hear of an impassioned passage of love between Effi and the Major, while what we see is a shot of them sitting on the beach in self-absorbed (and fully clothed) immobility. Any implied vitality and passion in the commentary is thus choked back by the visual evidence of the images: just as Effi's own dancing soul and vivid imaginings are constantly choked back by social reality.

Far from being merely a subversive moral tract in the guise of a film—as some may suspect—*Effi Briest* is full of beautifully quirky individual touches. Fassbinder has even managed to make the story morbidly funny at times: a task that defeated Fontane, or else one that he never attempted. Instetten's jealous housemaid Johanna is turned, in Irm Hermann's performance, into a domestic harpy with a death-mask face: photographed in one shot in sinister adjacency to a meat-cleaver on the wall. None of the main performances, furthermore, is handicapped by the prescribed emotional austerity. Wolfgang Schenk's Instetten convinces us of the depths of his misery over his wife's infidelity; and Hanna Schygulla's Effi is a superb study in slow-acting despair and stubbornly clasped illusions. There is not a better film than this to be seen in London.

Hanna Schygulla as 'Effi Briest'

★

Justine, produced by the British Film Institute Production Board, tackles similar book-into-film problems in its adaptation of the novel by the Marquis de Sade. Like Fassbinder, its three co-film-makers Stewart Mackinnon, Clive Myer and Nigel Perkins, have refused to conceal or apologise for the "literariness" of their material. In largely motionless takes the actors stand about amid dark settings reciting with flat and/or halting tones huge chunks of dialogue taken straight from the novel. It is a "bold" film, in its way, but an oddly perverse and useless one. The modern cinema's Brecht-worshipping revolt against audience involvement is here taken to a ludicrous extreme. While the soundtrack offers ample time to savour de Sade's scandalously compelling philosophy, the film's images are neither scandalous nor compelling, nor seem to boast any purpose at all. Artlessness for artlessness' sake is the result: a demolition job on traditional art that offer to put up no valid or interesting structure in its place.

★

In *The Crazies* we learn what happens to a small American town when an aeroplane containing germ warfare virus crashes nearby, disseminating madness and homicidal passions. The army marches in: Washington dithers, then panics about what to tell the Press; and a group of rebellious townspeople unaffected by the disease try to break the imposed quarantine. The director George A. Romero made that brilliant horror film of yesteryear *Night of the Living Dead* and he has tried for the same magic formula here: the spread of a sinisterly dehumanising disease, the terror and hysteria created in a small group of cornered "innocents." But although Romero whips the plot along at a furious and impressive pace, the absurdities are more noticeable than in the earlier movie, the shocks less visceral. It's good by the standards of any other horror director, not by Romero's own.

Tracks joins company with *The Crazies* in a good-value double-bill at the Screen on Islington Green. Unlike George A. Romero, Henry Jaglom is a director who could only have improved after his first feature film, the winsome and insufferable *A Safe Place*. *Tracks* is a scatty, engaging, atmospheric little film about an ex-Vietnam soldier (Dennis Hopper) travelling by train across America to bring back and bury the body of a friend killed in action. Virtually the whole film is set on the train and is a series of oddball encounters between Hopper and his fellow passengers: Taryn Power, Dean Stockwell and James Frawley among them. The film's touch is light but eerie: the script is well-shaped (with a surprise denouncement that I shan't spoil); and Hopper's own performance so good that one wonders why he wasted half his movie career playing psychotic juveniles in varyingly distinguished Westerns.

★

Candleshoe might have been conceived by a computer called upon to produce the definitive pastiche of a 1970s Disney film. Here is the homeless orphan being integrated into a new family; here is the affectionate but wildly anachronous picture of British aristocracy; and here is a plot about mistaken identity, hidden treasure and other ready-packaged mysteries waiting to be unwrapped in the last reel. Jodie Foster is the American girl whom villainous Leo McKern tries to pass off as the long-lost daughter of English marchioness Helen Hayes (he wants an insider to "case the joint" for a suspected hoard of Spanish doubloons); and David Niven is the butler who tries to keep his tax-stricken servants. (Niven keeps popping mistress's spirits up by pretending she still has a staff of into disguise as the gardener or the chauffeur or a neighbouring squire.) In fact, one does the film a disservice by invoking computers. Despite the formula plot, it has more life than its recent predecessors, and moves surely and entertainingly to a spirited climax.

★

Can Evel Knievel follow Muhammad Ali into the world of the do-it-yourself bio-pic and find true Hollywood success? The short answer, to judge by *Viva Knievel*, is no. For his first venture into film stardom, Mr. Knievel has chosen to appear in a paste-and-scissors B-picture of quite breathtaking inanity. As a death-defying stunt cyclist his main problem here is not the hazards of the job but a conspiracy by a consortium of Hollywood villains to get him killed in a stunt in Mexico so that the famous (and apparently customs-proof) Evel Knievel trailer can be driven back to the U.S. loaded with heroin. Gene Kelly co-stars as Knievel's liquor-prone chief mechanic, Lauren Hutton elaborates on her *Welcome to LA* role as an enigmatic photographer, and Mr. Knievel as Mr. Knievel is, sad to report, as short on charm as he is on acting talent.

Piccadilly

Privates on Parade

by B. A. YOUNG

The Royal Shakespeare Company's productions always seem better at a second visit, no doubt because they open cold, or at best, only with the chill off. Let me now say that Peter Nichols's *Privates on Parade* must surely be the happiest evening in the London theatre to-day.

What seems to have bugged me last year was a melodramatic quality in the serious sub-plot concerning the gun-running, black-marketing Sergeant-Major, played now by Shaun Curry. Any such objection is banished this time by the excellence of almost everything else. The story is only incidentally what matters: it is there to provide a foundation for Mr. Nichols's vivid characterisation of the members of the Combined Services Entertainment Unit whose adventures we follow; for his trenchant remarks on the politics of the British in Malaya in 1948; and for his nimble talent for comedy and lyric-writing.

Half the unit are gay, their leading man, Acting Captain Terri Dennis the gayest of all. Denis Quilley has already had awards for this glittering performance, and it glitters as brightly as ever. He speaks the camp lines ("that Bernadette Shaw! She's such a chatterbox!") as to the manner born, and tears off splendid imitations of Marlene Dietrich, Vera Lynn, Noël Coward and Carmen Miranda (with a set of long red reach-me-down fingernails). Not only are these fine imitations, the songs themselves contain the element of mockery, in the lyrics and in Denis King's music, that is necessary for good parody. The innocent play on words in the play's title gives rise to similar puns almost endlessly throughout the evening, and never with the least sign of strain or cheapness.

Leonard Burt

Joe Melia and Denis Quilley

Nigel Hawthorne repeats his outstanding performance as Major Flack, the muscular Christian officer in command of the unit, always ready to go into an improving speech to his men about their duty to God and King, his gently rolling periods given sudden emphasis on the final words of each speech and larded with the phrases he imagines will appeal to the troops, such as "Cor, stone the crows." Too bad that when he actually has to make tactical use of his strolling players he should discuss his operation in front of two Chinese mess servants who belong to the Chinese Communist forces, and so involves them in an ambush.

The rank-and-file of the unit are polished now into a row of sharply-chiselled cameos. Joe Melia as the stores corporal from (as Flack says) the sewers of Birmingham shows a deep pathos as a simple, normal man accepting the ministrations of his gay friend Corporal Bishop (Tim Wylton) out of loneliness and lack of imagination. Steven Flowers, the youngster with liberal ideas about education, Young-Love, the aggressively lovesick conjurer, Kevin Cartwright, who wanted to be a bomber navigator, are sympathetically played by Ian Gelder, Simon Jones and Neil McCaul, and Emma Williams is as radiant as ever as the Anglo-Indian girl with her touching illusions. Even the two non-speaking Orientals, Cecil Cheng and Eiji Kusuhara, offer individual personalities.

Michael Blakemore's direction, coupled with the ingenious sets by Michael Annals, keeps things moving at a great pace from scene to scene; by my reckoning the running time is 15 minutes or so less than before. At two hours and three-quarters, it is not a moment too long. I would have been happy to stay in my seat and see it all over again.

Tommy Steele show is ITV's entry for Montreux Festival

Thames Television's musical hour, *Tommy Steele and a Show*, has been chosen as the Independent Television companies' entry to the Golden Rose of Montreux Festival, which takes place from May 6 to 13. The show, presenting Steele in one of his rare TV appearances, was devised by the entertainer to celebrate his 21 years in show business.

Coliseum

Bluebeard, Schicchi

by MAX LOPPERT

When Glen Byam Shaw's production of *Duke Bluebeard's Castle* was first given in 1972, Bartok was paired with Stravinsky's *Oedipus Rex*—a powerful, beautiful and well-matched double bill of 20th-century opera, but not, apparently, a very crowd-pulling one. So now the opera has been revived in tandem with a new production of Puccini's *Gianni Schicchi*. The combination is satisfying in a quite different fashion: darkly glowing psychological drama relieved and contrasted by brilliant black comedy, both works founded on two very different kinds of orchestral mastery. But the effect of the evening is still a little lop-sided, partly because on Wednesday an eloquent account of a masterly Bartok production was not yet balanced by an equally skilful realisation of Puccini.

Mr. Byam Shaw's staging (now cared for by David Ritch), in Ralph Koltai's strikingly simple scenery, and in Robert Ornbo's subtle lighting, both the outlines and the interior of Bartok's rich and deeply moving drama find expression, and do so with wonderful succinctness. The work wants a balance of realism and symbolic suggestion in its depiction. That balance is here achieved by the patterns of light on silver screens in which is played out the unlocking of the seven doors. Perhaps (from row in the stalls) the screens look a little rumpled; and perhaps the opening of the fifth door, which should reveal a mighty sweep of the Duke's domain, lacks a sense of visual breadth and spaciousness. Otherwise, the stage picture is not only continuously fascinating to look at, but affords a remarkably just and poetic reflection of the events in the score.

By Elizabeth Connell and Gwynne Howell the music is grandly sung; and by Charles Groves it is securely conducted. At the opening of the fifth door, Miss Connell unleashes a top C that is one of the most thrilling sounds to be heard in this theatre for some while. But her singing is more than brilliantly placed and held top notes: the tones gleam and pulsate in her steady yet highly charged delivery of them. Mr. Howell is a bass of equal amplitude and nicely contrasted mellowness of timbre. In addition, he achieves an economy of gesture and restraint of bearing which his Judith, with her fussy little facial and hand movements, rather lacks. Although one has heard the instrumental tracery that colours each stage of the action given more vivid, more particularised treatment, the unassuming yet carefully judged pacing of Sir Charles' reading is in its own way very satisfying.

By Colin Graham, David Collis and Mark Elder, Puccini's sparkling little *conte* is less surely handled. Much has been made by the producer of the advantages of updating the action from the early Renaissance to the Risorgimento. Yet this, though it does no harm, does little perceptible good. What matters more, if the work is to come through with the wit and skill for which it is so often admired, is a crisp, neat marking out of its dramatic movements. Last night there was much broad playing—the invention of a bit of recurrent kleptomania for John Tranter's Betto was typical—but the visible energy expended on stage was not very often rewarded by a rise in the comic temperature. Mr. Collis's sets won a round of applause when the curtain rose (nasty habit): but its architecture seemed to me awkward, with little obvious gain in the missing wall, uncomfortable in its perspective, and cluttered in its detail.

Mr. Elder charges into the score with great spirit, but from the outset bowls it along rather too hectically, as if unwilling to let the numerous felicities of scoring, pace and invention work their comic effects unaided. In the title role Thomas Hemsley promises well, though his singing of it is not yet fully in focus. Mr. Hemsley's Beckmesser has ripened into a full and original comic study, and his Schicchi should do likewise. Joy Roberts, Lauretta, adds another charming ingénue to her Coliseum roster, and Henry Howell's Rinuccio is vigorous, if intermittently rather roughly tuned and phrased. But the relatives are all too busy, too boisterous. Eric Shilling's excellently underplayed Master Amantio could provide a model of the direction in which the ensemble playing needs to go.

Boulez premiere

Pierre Boulez will conduct the BBC Symphony Orchestra in the U.K. premiere of Giuseppe Sinopoli's orchestral work, *Tombeau d'Amor II*, at the Royal Festival Hall on Wednesday, February 15. *Tombeau d'Amor II*, which lasts about 20 minutes, was written during the first seven months of 1977 for the Styrian Autumn Festival, Austria, and is dedicated to Gerhard and Monika Bohm.

Alfred Beck Centre, Hayes

La traviata

by ELIZABETH FORBES

University groups who choose to stage operas as well-loved as *La traviata* invite comparison with grander, fully professional performances; on the other hand, theatre managers quite naturally *prefer full houses to empty ones.* Brunel Theatre Arts drew a respectably sized audience to the Alfred Beck Centre at Hayes on Tuesday for Ted Knight's production of Verdi's opera, but inevitably the result was a compromise between ideals and resources. The acoustic of the Centre's pleasant auditorium is dryish, despite "assisted resonance," but a greater handicap is th edepth of the pit, the cause, no doubt, of some faulty ensemble.

Mr. Knight's staging, in simple but perfectly adequate settings designed by David Groves, concentrates on Violetta, and does not try to shift any moral blame on to her environment. The most original slant to the production, a reversal in the characters of the elder and younger Germont, is presumably a chance effect of the casting. David Clyde's stiff, unrelaxed Alfredo contrasts rather strangely with Louis Berkman's overtly emotional Giorgio, and neither character comes out of the exchange in a particularly flattering light. As usual it is Violetta's own generosity and unselfishness that emerge as admirable, *a conclusion underlined by* Helen Lawrence's sympathetic performance.

Miss Lawrence, a fine Lady Macbeth for Brunel two years ago, deals efficiently with the enamelled courtesan of the first act, but is more comfortable as the young woman in love, whether happily or unhappily. She sings her share of the duet with Germont persuasively, and is touching without mawkishness in her death scene. Barry Hardy is an excellent, light-hearted Gaston, while Richard Burgess-Ellis makes an agreable Doctor Grenvil. The chorus seems to enjoy Flora's party more than Violetta's, and so the finale to Act Two goes well. William Hayward, the conductor, keeps the score on the move, rightly avoiding any over-subtle changes of tempo. There are performances all this week, with a second cast on alternate nights.

Elizabeth Hall

Mr. Punch

by DOMINIC GILL

The concert given by the Fires of London on Wednesday under their director Peter Maxwell Davies contained a new work, *Mr. Punch* by Michael Finnissy. The piece is intended by the composer to transform the ordinary material of a traditional Punch and Judy show into "a more personal vision being the sieve through which it is filtered and extensively re-moulded." There are, one can imagine, a thousand ways to filter and re-mould; Mr. Finnissy's choice was to offer us, courtesy of Barry Smith's Theatre of Puppets (and very fine they are too), a short Punch and Judy show with incidental music for five instruments and percussion.

The music was attractive, but exceptionally slight: a sequence of sound-effects and instrumental encouragements which hardly ever managed to achieve prominence among, let alone partnership with, the visual material. A chance missed, too. a Punch and Judy could rise, after all, to a truly effective diabolical accompaniment. Mary Thomas did all the voices, in her fashion very fetchingly (her part was notated in a sort of *sprechgesang* on staves, though it could just as well have been written on a single line and marked "with lively expression"). The piece was announced as a "first performance staged"—but what kind of effect could it possibly have without puppets?

The Fires ended their evening with a performance of Davies's *Hymn to St. Magnus*; and began it with two other Davies pieces—a fine, pungent performance of *Hymnos* for clarinet and piano given by the Fires' new clarinettist David Campbell with Stephen Pruslin; and a gentle, house-warming account of Davies's arrangement of the Dunstable motet "Veni sancte spiritus"—misty paraphrase, crystal pool, quiet as the lapping of water.

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Friday February 10 1978

Governor's philosophy

THE PRESENT Government, and with them the Governor of the Bank of England, are often accused by their critics of being monetarist—of being prepared to sacrifice growth, or competitiveness, or what some Labour back-benchers may regard as an appropriate budget strategy, on the altar of a simple-minded determination to control the money supply. In his Mais lecture yesterday, Mr. Gordon Richardson provided his fullest answer yet to such criticisms by explaining at length his non-doctrinaire devotion to monetary control. For him it is a pragmatic philosophy, not a religion.

Interest rate

The emphasis on the quantity of money rather than the level of interest rates as the objective of policy has partly been a matter of necessity, he explained: in a world of rapid and rapidly fluctuating inflation, it is quite impossible to define an "appropriate" level of interest rates, so that to pursue an interest rate policy would be to navigate without a chart. There is no such fundamental difficulty about setting a target for the quantity of money, though there are many technical problems of definition; but apart from providing a guide for policy, a monetary target has other important merits. It provides one element of stability in a turbulent world (though its credibility depends on the success of the authorities in maintaining their targets), is readily understood by the man in the street—the quibbles tend to be more arcane and academic than the arguments in favour. It also gives early warning of problems with fiscal policy.

The Governor does not, however, regard monetary control as a self-sufficient economic policy—and here he differs sharply from those of the true Friedmanite faith. He believes specifically in the management of demand and of the exchange rate, so long as these policies do not destroy the monetary policy; and he also sees an important role for incomes policy. In the longer run, it is true, the Governor hopes that experience of firm monetary control will spread the conviction that inflationary action reduce growth rather than increase it, which implies that the need for wage control could vanish; but at present only a policy to restrain wages makes it possible to achieve real growth within a restrained monetary target. Some of the reasons for the close sympathy which seems to have been established between the Chancellor and the Governor are evident from this statement of belief.

This central belief that money is important but not all-important is fairly generally shared in the City, where it is becoming known as practical monetarism—a phrase which the Governor borrowed to describe his own approach. However, this does not prevent a number of practical monetarists from criticising the authorities repeatedly not for their objectives, but on technical grounds. The Governor acknowledged some of these criticisms, but apart from expressing his own support for a move from annual to rolling targets—a change widely expected and welcomed—he suggested very little inclination towards any early technical reform.

Voluminous

It is to be hoped that he will soon feel able to go further on those questions, as he half suggested in his lecture, for some of the criticisms are substantial. Existing banking statistics are voluminous but still do not, as the Governor conceded, give effective early warning of monetary pressures; perhaps too much stress is given to prudential rather than economic information. His defence of sterling M3 as the sole measure of monetary policy was to some extent undermined by his own exposition of how far this series is distorted by wholesale money transactions. We also need an authoritative statement on the most widespread criticism now current in the City—that present methods put an undue burden on the gilts market, and that both the gilts market and the banks tend to react perversely when the money supply is growing too fast, being reluctant to buy stock on the one hand and bidding aggressively for funds on the other.

There may well be doctrinaire criticisms from both sides against the Governor's central philosophy, but he has defended it robustly, and will command much support; he has also invited debate explicitly, and the technical argument has only been started by this impressive statement of aims.

Why safeguards must stay

RELATIONS BETWEEN the Confederation of British Industry and the Prices Secretary, Mr. Roy Hattersley, have been strained considerably by his decision to include a clause requiring compliance with the Government's pay policy in all contracts between public sector bodies and private sector suppliers. They will be strained still further if he demonstrates too much sympathy with a motion put down by a Labour backbencher, which would remove the safeguard clause which allows companies under investigation by the Price Commission to raise their prices if this is necessary to prevent profit margins from being eroded beyond a certain point.

The Government is unlikely, in fact, to make an immediate move in this direction, but Mr. Hattersley is believed to have been annoyed by the way in which several companies, with proposed price increases under investigation, have been able to secure a large proportion of the proposed increase immediately under the safeguard rules. He himself was originally opposed to the retention of any safeguard provisions when the Price Commission began to operate in its new form last year. He maintained that since the overriding aim was now to improve competitive efficiency and powers to control prices in detail were circumscribed, no formal system of safeguards was needed.

Two formulae

The representatives of industry took the opposite view, and Mr. Hattersley was finally persuaded to draw up a pair of complicated safeguard formulae, limiting the amount by which price increases could be reduced during and after investigation by the Price Commission. The CBI regarded the safeguards as inadequate and would certainly oppose their abolition strongly, even though they seem to have worked to the advantage of companies under investigation so far and although the Price Commission has so far turned out to be rather less fearful a monster than industry originally feared. It may be worth while pointing out one or two reasons why it would be right to oppose change and why Mr. Hattersley would be wrong to support it.

In the first place, as the Prices Secretary has himself maintained, the object of the new system is to increase efficiency rather than to hold down prices as an end in itself. It is a mistake to give into political pressures, therefore, which arises mainly from the fact that some sensitive prices have been raised. In the second place, industry's original fears about the activities of the revamped Commission have not been removed by the fact that its first reports have been fairly mild. Uncertainty about the possibility or the reasons for an investigation; concern about the investigatory methods used by the Commission and its ability to produce a fair verdict in a short time; and the sheer expense of work and time needed to meet its requirements still work together to make it unpopular.

Profitability

If unpopularity is not to become outright hostility—which would greatly reduce the scope for the Commission to produce a useful long-term effect on industrial efficiency—some safeguard is needed to provide the assurance that its intervention will not allow profit margins to be pushed below a minimum level. The way in which the Labour Government earlier allowed profit margins to be compressed will not quickly be forgotten, and margins in general are still so far below previous levels that the present buoyancy of investment intentions must be regarded as slightly odd and fragile. The abolition of the safeguard clauses might well be interpreted to mean that Labour had once again forgotten the connection between profitability and investment. Mr. Hattersley should take a longer view of his responsibilities.

Saudi-Arabia and the U.S.: the dangers of a rift

By DAVID BELL in Washington

U.S. RELATIONS with Saudi Arabia are fast approaching a critical point and one which may have great significance for a world which has come to take extremely close U.S.-Saudi ties for granted. How serious any rift would be between the leading western power and the West's most powerful and closest Arab friend scarcely needs pointing out.

The immediate test case is the Saudi request for new American aircraft, a request first made many months ago. The Carter Administration is due to respond within a few days and the Saudis have made it crystal clear that they see the reply as the litmus test of their friendship with the U.S. Much more may thus be at stake than 60 new F-15s.

America's alliance with Saudi Arabia has become one of the most remarkable "special relationships" in modern history. The Saudis first forged a close friendship with the Americans more than 30 years ago. Since the oil price rise in 1973, which underlined Saudi hegemony over world oil supplies and prices, the alliance has come to be of vital importance.

Trevor Humphries

The F-15—Saudi Arabia wants to buy 60 of them from the U.S. A refusal to sell could create serious problems for U.S.-Saudi relations.

In addition to the full range of military and other Saudi contracts the U.S. and Saudi Arabia have set up a joint economic commission with offices both in Washington and Riyadh. At present this commission is monitoring some $659m. of contracts in such fields as data processing, desalination, solar energy and vocational training.

Beyond government-to-government relations, of course, there is also the powerful role still played inside Saudi Arabia by Aramco, the consortium of four U.S. oil companies which developed the giant Saudi oil fields and still operates them on behalf of the Saudi Government.

As the Saudis have gained in confidence, however, the relationship has begun to change. It emerged in a series of interviews recently that many senior officials inside the Carter Administration are now seriously worried that Saudi friendship can no longer be taken for granted.

The strains are not yet evident on the surface. Saudi Arabia, which has more than 25 per cent. of the world's proved oil reserves within its kingdom, continues to supply the U.S. with 25 per cent of its imported oil. It keeps about half its estimated $60bn. of assets in the U.S. and holds some 85 per cent. of its total reserves in dollars. Saudi Arabia remains the driving force for price restraint in the Organisation of Petroleum Exporting Countries (OPEC).

Below the surface, however, the Saudis are now much irritated by the failure of the U.S.—and in particular Congress—to recognise the role that they have been playing. According to many U.S. officials there is a growing, but not yet very large, group of influential Saudis who fear that the U.S. is a "crippled giant" no longer able, or willing, to act in its own interests or carry out its promises.

The Saudis have not missed an opportunity—most recently during President Carter's post Christmas visit to Riyadh—to underline the fact that they believe they have kept their side of a mutual bargain. Partly at America's urging Saudi Arabia has come to play a key role in the Middle East. Saudi money has propped up the Egyptian economy and President Sadat with it and a measure of moderation to the Palestine Liberation Organisation. Discreet Saudi support for the Sadat peace initiative has also partly stayed the hand of opponents like President Assad of Syria. The result of it all has been to give the Saudis new confidence in regional affairs.

Further afield, Saudi money financed the Moroccan troops that rescued President Mobutu after the mysterious invasion of the Congo in 1976. In the closing month of the Thieu regime in Vietnam the Saudis arranged to supply Saigon with cut-price oil.

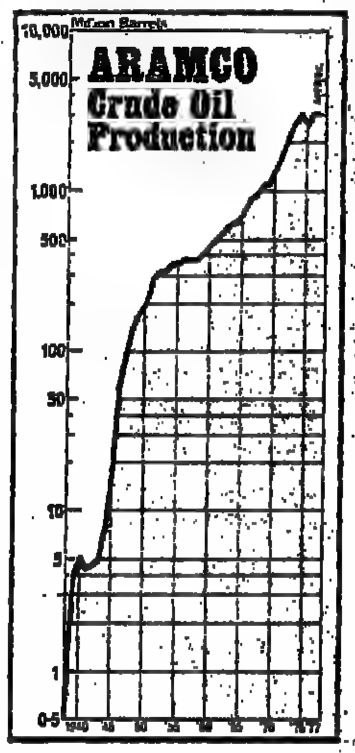
More recently there has been the U.S. failure to support Somalia against Ethiopia (of which more below) and deliberate restraint as regards the oil price which, U.S. officials say, was in great part a result of Saudi apprehension about Euro-Communism in France and Italy. Loth to exacerbate economic problems in either country at such a politically sensitive time the Saudis were once again playing an American tune.

There is also concern that, although the Saudis have no practical alternative to the dollar even a relatively modest movement out of the dollar—"to spread the risk"—could cause serious instability in world currency markets. There are already indications that some Saudis are at least considering diversifying.

For many months the Saudis have played a leading role inside OPEC in moderating pressure from more militant members for continuing swingeing price increases. In this role they have been assiduously backed by the U.S. which has spared no effort to keep price rises down to a minimum. Because of their pre-eminent position in world oil supplies the Saudis have so far been able to silence any opposition to their position.

Financially also, the conservative Saudis have done very little to embarrass the U.S. Somewhat grudgingly they have supported the International Monetary Fund with a supplementary financing facility to help countries in temporary payments difficulties. They have, according to the latest confidential estimates, lengthened the average maturity of their American investments to about five years.

This reduces a threat of instability on the financial markets even if it by no means removes it. As much as $30bn. of Saudi money is said to be in U.S. Government bonds and securities although these figures have not been published. Private Saudi interests have invested many millions of dollars in property and on Wall Street and, so great are Saudi purchases from the U.S., that the overall balance of trade is currently in America's favour in spite of oil imports.



The root of Saudi concern is that the U.S., according to many officials in the Carter administration, has shown no real sign of responding in kind to the Saudi effort. Specifically the Saudis have been expecting the U.S. to take much more effective action to prevent further Communist encroachment, to support the dollar, and to force the Israelis to make significant concessions in the Middle East.

Traditionally, to take the first of these, the U.S. has appealed to the Saudis because it was anti-Communist. Yet the Saudis have been dismayed to see that in the Horn of Africa, which they regard as almost in their own back yard, the U.S. has been unwilling to provide much more than rhetorical support for the Somali Government. For its part Saudi Arabia has spent about $200m. to persuade Somalia to break with the Soviet Union. "They just think we are no longer hard-nosed enough," one American official said.

The Saudis feel that the Carter Administration moved too late to affirm its support for the U.S. dollar. Even though the Saudis acknowledged that they had no practical alternative currency there have been public Saudi mutterings, most recently in Geneva last week, about the desirability of moving some Saudi reserves out of dollars.

The third cause of dissatisfaction is what the Saudis see as the persistent failure of the U.S. to put enough pressure on Israel. American officials say that, up to a point, the Saudis understand that pro-Israeli opinion in Congress restricts the Administration's room to manoeuvre. "But increasingly they think that all our talks about even-handedness in the Middle East is as much public relations," said one State Department expert.

Against this background the Saudi request for the F-15 has come to be seen as the acid test of American opinion, a fact which Congress has yet apparently fully to realise. Some U.S. officials believe that much damage was done to U.S.-Saudi relations two weeks ago by a draft letter circulated in Congress and signed by many influential Senators.

The letter called on the Administration once again to delay the Saudi request—chiefly because of the added danger that it might pose to Israel. The Saudis see this as but the latest example of the refusal of Congress to recognise that Saudi Arabia may be as important an ally as Israel. They also reject arguments that the fighters could easily be transferred to other Arab states in the event of war. They argue that, practically, that is almost impossible because the aircraft need very sophisticated maintenance and their rockets are not interchangeable with those carried by MiGs. Thus the probability would be that, even if the aircraft were transferred, they could not be used on more than one sortie. Also, of course, the U.S. would stop spare parts supplies instantly if the aircraft were transferred to another power against American wishes.

Congress has taken its present attitude in part because many Congressmen and their staff believe that Saudi Arabia has "nowhere else to go." They argue that as long as Saudi Arabia remains fiercely anti-Communist, and its future remains inextricably wedded to the dollar, it has no practical choice but to go along with U.S. policy. In that case, this argument continues, the Saudis dare not cut oil production or refuse to increase it. If they did, their action would merely exacerbate world economic problems, weaken their closest and most powerful allies, reduce the value of their dollars, and give succour to the extreme elements in the Arab world which they fear so much.

The Administration, which is far less sanguine, doubts that the Saudis see the situation in anything like these terms. But it, too, believes that there is no possibility that Saudi Arabia would do anything as dramatic as renounce its alliance with the U.S. Rather, officials fear, the friendship might gradually be wound down. Saudi support for price moderation inside OPEC might begin, by degrees, to be less pronounced. Equally gradually, Saudi armed forces would switch to European-made weapons and thus the Kingdom's tiny but important army and air force could become estranged from the U.S.

Most important, the Saudis might decide that in the absence of tangible American commitment there is no longer any reason for Saudi Arabia to continue to increase its oil output which is already far in excess of what it needs to sustain itself and fund its many projects around the world.

It is recognised in both the State and Defence Departments that there are already powerful Saudis who think that this is what the *Kingdom* should be doing in its own long-term interests. This group is believed to have been gaining strength recently, and Washington does not want in any way to strengthen its hand.

Congress has yet to cast the problem in these terms and Administration pleas to get it to do so have fallen on deaf ears. In view of this, officials concede that there is no particular reason to be optimistic about U.S.-Saudi relations in the months ahead, even if the Kingdom does finally get its F-15s.

MEN AND MATTERS

Lead balloon drops on LME

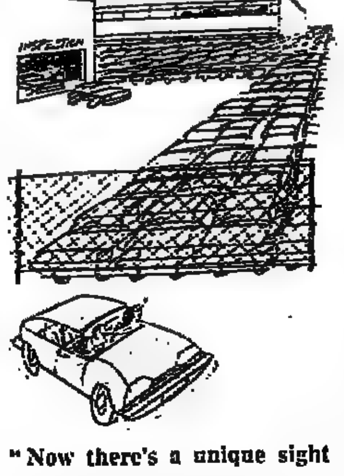
I have to report that relations between Lloyds Bank and the London Metal Exchange are not all they might be. The reason is a competition the bank has set for sixth-formers with the enticing title "Invitation to California 1978." The ten top prizes are a two-week holiday in California: there are 11,000 consolation prizes of £3 in a Lloyds deposit account. As Michael Bulpitt, one of the bank's advertising executives, explained yesterday: "You could call it a promotional activity."

The Metal Exchange finds itself, willynilly, caught up in the activity, because of the competition's economic question—all about lead. An LME official, Ronald Edwards, has been on the receiving end of dozens of calls from eager pupils all over England and Wales; letters mount on his desk. Appeals for aid have also been coming in to the FT commodities editor, John Edwards (no relation).

To convey the full horror, here is the question: "How much would it have cost to assemble 3,000 metric tons of lead by July 31, 1977, bought at a rate of 50 tons per month on the last day of each month, at that month's official London price, using funds borrowed at 10 per cent. per annum compounded monthly?"

Even at the LME, they do not have the average monthly price of lead for the past five years at their fingertips. If they do work it out, Edwards complains that they just cannot send it to hordes of California-hungry sixth-formers. He has found out that last year a similar competition set by Lloyds drew 11,000 entries. "Think of the postage," he said to me yesterday.

Back at the bank they seem unabashed and estimated that only about 20 per cent. of the competitors would tackle the optional economics question (which was set by some anonymous Oxbridge don). I make that upwards of 2,000 sixth-formers groping about for lead prices. Lloyds imply that it might make things too easy to accept Edwards' suggestion of taking one set of figures from him and distributing them to their branch managers throughout the land. Entry forms went out a fortnight ago and the closing date is late in March. "It looks like I'm going to need a holiday in California as well," says Edwards gloomily.



"Now there's a unique sight—a British car park without a single foreign car in it!"

Dog days

To-day is the day for dog lovers—not to mention the manufacturers of petfoods: the Cruft's Show opens at Olympia. In the latest issue of the British Nutrition Foundation's bulletin, animal feeding consultant Alan Walker reports that this country's petfood sales have reached £250m. a year. He also says that "over-nutrition" is now the main nutritional problem in both human beings and pets" (referring, of course, to the affluent nations).

I asked Walker yesterday whether our pets were not consuming food that should be going to Third World countries. He dismissed the idea. "I've worked it out," he said, "that all the food eaten by pets in Britain in a year would only feed the population of the Indian sub-continent for five days." As a member of the Kennel Club and an adviser to Spillers — which has a meaty chunk of the petfood market—Walker clearly feels that this statistic absolves man's best friend from criticism.

I asked about reports that some waters around Latin America had been almost depopulated of fish to supply the U.S. pet market with protein. Walker was vague about that, but said U.S. sales were equal to £1.5bn. a year. "It may be valid to suggest that the nutritional status of a country's human population is reflected in that of its domestic pets," said Walker. He believes that our 4.8m. dogs are "living longer and healthier lives," but says there is little evidence to support rumours that more and more Britons are trying to look like a Cruft's champion—or just save money—by turning to a petfood diet.

Lonely crusader

Basil Wishart, white-haired editor-owner of Britain's most northerly newspaper, the Shetland Times, has been nominated what amounts to Scottish "Journalist of the Year" with the Arts Council's presentation to him of the annual Munro Award. His paper—lively, informative and never parochial—is already required reading for oilmen. Since the islands' Council's successful upset of the government's devolution plans, it is on the subscription list of Whitehall departments and political parties too.

True to his calling, Wishart is currently deep in controversy as practically the only Shetlander *speaking out against the Council's* scheme to take the islands out of Scotland. It makes no sense, he argues in his sharp leading articles, to cut loose *from* Edinburgh when education, health, law and much else look to Scottish institutions.

Smoked out

Rolls-Royce may have been a touch too clever in its efforts to clean up the exhaust of its RB 211 jet engine. It announced yesterday that it had sold Amoco (U.K.) Exploration and Shell (U.K.) Exploration and Production eight of the Dash 24 version of this engine, as power stations for oil rigs. So clean is the exhaust, however, they will have to *add* smoke so that helicopter pilots will be able to see—and avoid—the uprush of hot air from the 30,000 hp gas turbine.

Funny money

Do the Belgians believe that Scottish devolution has already become operational? In the shop at Antwerp Airport a notice warns purchasers of duty-free usquebaugh, aquavit and other eaux de vie, that whereas an English £ is worth 63 Belgian francs, tenderers of Scottish pounds (or is it poonds?) will be offered only 60 francs.

Observer

POLITICS TO-DAY

A funny way to run a Shadow Cabinet

RE IS one very good reason Mrs. Margaret Thatcher ot turn the more extreme r thoughts on immigration Conservative Party policy, that is that a *sizeable part* e Shadow Cabinet would n if she were to do so.

fore going into details and ng names it is necessary to l a little background. Mrs. cher's televised remarks on igration were only one of a ber of apparent signs re- y that the party is moving e Right. First there was Thatcher herself promising urn to virtually unfettered ctive bargaining in incomes y. Then there was the im- ation episode and, not least, was Mr. Airey Neave—one e Tory MPs closest to Mrs. cher—declaring that a r-sharing administration in hern Ireland "is no longer ical politics." Yet the ex- ition seems to lie in muddle lack of consultation rather any concerted policy shift. e *incidents* have this in non. They were not dis- d in the Shadow Cabinet dvance. They appear to taken the Shadow Ministers closely involved in the concerned by surprise. at the end of the day one d that Conservative policy ins either unchanged or, the case of immigration, under formulation.

ere is also, however, one ctant distinction. Mrs. her's remarks on incomes y were a surprise to the (Sir Keith Joseph) and he moderate Right (Sir rey Howe). Mr. Neave's rks on Ulster and Mrs. her's on immigration were rprise to the liberals, the prominent of whom are William Whitelaw, the Deputy Leader, Lord Carrington, the Leader of the Party in the Lords, and Sir Ian Gilmour, the Shadow Defence Secretary. The theory that the right wing *of the Shadow Cabinet is some-*how ganging up on the liberals therefore does not quite hold up. Sir Keith and Sir Geoffrey still insist that Conservative incomes policy remains as outlined in *The Right Approach to the Economy*, in spite of Mrs. Thatcher; just as Mr. Whitelaw, Lord Carrington and Sir Ian insist that there can be no going back on British commitments on immigration.

Unholy

A more appropriate theory would be that Mrs. Thatcher herself is ganging up on the lot of them, and indeed there is a great deal of talk about the unholy influence on the Leader *of a few* right wing MPs outside the Shadow Cabinet. Mr. George Gardiner, Mr. Norman Tebbit *and, most recently, Mr. Nigel* Lawson are among them. Mr. Alfred Sherman of Sir Keith's Centre for Policy Studies is also marked out in this way.

It is true, too, that Mrs. Thatcher has never sought to make much of a virtue out of leading a team. In her speech at the Blackpool Party Conference last year, for example, the team was never mentioned—not even to say thank you. It is quite possible that she regards herself, as was once said of Mrs. Golda Meir, in another context, as the only man among them, and one cannot produce decisive evidence to prove that she is wrong.

Yet the fact remains that if Mrs. Thatcher were to seek to impose a policy of an end to immigration, or even the breaking of any commitments, on the Shadow Cabinet, she would almost certainly lose. More probably, she would realise that the price of success would be too high, and she would retreat.

The number of liberals in the Shadow Cabinet obviously varies according to definition. It is also possible for someone to be liberal on one subject and illiberal on another. There is the further, emotive problem that liberals in terms of the Shadow Cabinet tend to be synonymous with Heathmen. But, on any count, the liberal content is high, and what it might lack in numbers it makes up for in qualitative superiority. Mr. Francis Pym, on present form the most likely next leader, may maintain a foothold on the Right, but must be counted on the liberal wing. So, without doubt, must his most obvious rival, Mr. James Prior. And so, on some issues, must Mr. John Davies and Mr. Norman St. John-Stevas.

Yet, on immigration and indeed on Ulster, it is the three names mentioned earlier that matter most. I do not think that Mrs. Thatcher could push through an immigration policy that reneged on British commitments on the right of entry to this country without the resignation of Mr. Whitelaw, Lord Carrington and Sir Ian Gilmour. It is possible that she might think she could afford to lose one of them, but she could not risk losing all three, and all the signs are that they are prepared to act together. Mr. Whitelaw is still the Deputy Leader of the party, and he maintains an appeal in the North of England that few Tories could even dream of. Lord Carrington has longer experience in Government than any other member of the Shadow Cabinet; he remains a potential Foreign Secretary. Sir Ian may be younger and less well-known, but he is a useful man to have around as a reminder that the party does have a liberal intellectual wing.

Ashley Ashwood

Mr. Whitelaw and Mrs. Thatcher in conference.

There is also the question of replacements. Even assuming (rashly) that the resignation of those three would not be followed by defections in the junior ranks, Mrs. Thatcher does not exactly have an abundance *of Right-wing talent* to play with. Her greater problem indeed is the talent that she has already discarded — Mr. Peter Walker, for example, not to speak of the talent, Mr. Heath, that his discarded her. She cannot seriously contemplate losing any more of her best people without having anyone of note to bring on in their place.

In fact, it seems quite likely that the message has been already taken. Mrs. Thatcher will not seek to impose any breaking of obligations on immigration. Mr. Whitelaw will go ahead and announce the Tory policy within the next few weeks. It will probably include a call for a new British Nationality Act and a register of those eligible to come: there may be also—though this is by no means certain—something on fiances. But it will not, if applied, reduce the rate of inflow very much; nor will it be very different from anything considered by the present Government.

The argument, of course, will go on, and there is something to be said for the theory that Mrs. Thatcher is contriving to have it both ways: appearing to be against immigration while *recognising that very little can* be done in practice to reduce it. If that is the case, however, she can count on neither the compliance nor the conivance of many in the Shadow Cabinet and, besides, it is by no means certain that the tactics would *pay off*.

We shall know more about the effects of Mrs. Thatcher's broadcast when the results of an unusually detailed poll on the reactions to it, undertaken by NOP, are published next week. But it is already noteworthy that the advice going to the Government from people who are paid to test public opinion is that her remarks may have done her more harm than good. The indicator to watch will not be the percentage who agree with her, but the constituency distribution. There is not, after all, a great deal to be gained from increasing the Tory majority in (say) Bournemouth. But there is a number of marginal constituencies where the immigrant vote could be decisive. The immigrant turn-out is usually low, but if Labour can galvanise it in an anti-Thatcher campaign, the rewards could be considerable.

Two other factors might be taken into account. The first is that the Government has achieved the relative rarity nowadays of having liberal opinion on its side. Since there is very little sign at the moment of liberal opinion being prepared to vote Liberal, that too *could be a bonus. The second* is that when Mr. Whitelaw does announce the Tory immigration policy, Mrs. Thatcher will be inevitably exposed to charges of having promised something that she could not deliver.

There are perhaps some wider lessons for Mrs. Thatcher and the Shadow Cabinet. The whole incident need never have happened if Mrs. Thatcher had been more careful, as indeed until recently she had always been. She could have said that the issue was under review, and then used Mr. Whitelaw's policy when it was completed as a trump card to show that the party was at least doing and saying something precise.

Again, the Shadow Cabinet does have a crtain amount of experience. Either it is not being used, or it is not extending itself. Statements are being made without consultation, and without the possibility of following them up. Not only were Mrs. Thatcher's remarks on incomes policy and immigration made without advance collective discusion; there was apparently not even an inquest, no-one quite daring to ask her what she meant. As for Mr. Neave, the charitable explanation of his comments on Ulster is that he misunderstood something said by Mr. Whitelaw: namely, that power-sharing is not practical politics for the time being. Mr. Neave simply added his own gloss that the option could therefore be thrown away.

All that may seem a funny way to run a Shadow Cabinet, and indeed it appears that the assembly meets only once a week for about an hour and a quarter, mainly to discuss next week's business. It is thus hardly surprising that issues are *rarely debated, and that Shadow* Ministers are sometimes taken aback by their colleagues' public speeches. There are, of course, also policy committees where detailed discussion does take place, and there is not one of any importance of which neither Mr. Whitelaw nor Lord Carrington is a member. That applies, above all, to the work being done on the election manifesto. But the fact remains that some odd statements have been slipping through and the suspicion of an undue right wing influence exists. Mr. Whitelaw and Lord *Carrington might have to be* more diligent in future. Mrs. Thatcher, meanwhile, might be wise to rely rather more on the old liberal guard.

Malcolm Rutherford

Letters to the Editor

armland ices

Mr. R. Keatley

— George Inge's theory ng the price of wheat to value of agricultural land Brennan's article on uary 3) would seem to be a but misleading attempt to d Ricardian Theory into an rfect world.

graphs *show a passing* con- y in trend between vacant prices and the price of yet this can only be a itous coincidence and all dependence must surely end. Inge implies that the of wheat is related to the iction potential of land; pro- on potential is directly pro- onal to economic rent; Eco- c rent is directly propor- l to the value of vacant ssion land.

observations are as vs: Wheat prices are deter- d in a world market, are ly affected by the weather, he supply of wheat produc- and is inelastic.

ardo's Theory assumed that ultural land grew corn only, had no alternative uses. It ll known that land value is ly dictated by non-agricul- factors. Professor Denman Cambridge University has rlined the fallacy of attri- g land value entirely to the tability of farming rather to a multiplicity of alterna- demands within the eco- y. Frequently it is not -conscious fund managers are the purchasers of agri- ral land, and the early *urs from Northfield* bear out, but rather the tradi- l farmers themselves. The haser is often the man who up his neighbour in order spread his overheads, or ly to off-load surplus cash a good potato harvest, or ly because it is there: no t-term view of productivity is here.

longer can one directly e rises and falls in rent fluctuating land values. in theory, there can be connection between wheat farmland prices. In prac- purchase and sale of farm- are largely long-term deci- s, and the high *level* of ital commitment involved ns that no landowner is g to come rushing out of as the rumblings emerge n Mark Lane.

Keatley,
berts,
d 8 Lincoln's Inn Fields,
2.

irports olicy

n Mr. H. Montgomery

r,—Your article on airports cy for South-East England bruary 2) forgets the experi- of North America in the 1960s, when the various York airports become in- singly congested and travel- quickly found out that re- ngements of their business *edule* enabled them to fly ct to other parts of the U.S. ding New York entirely.

imilarly, is it not possible our increasing frustrations air traffic control delays, siderable congestion on the und at the airports, and nting road delays, will not *se the same sort of effect as* pened in America?

his could well mean that iness passengers coming to from England will make ater use of the regional U.K. ports. In particular, it seems t Birmingham should take the major step that it has already planned and build the new airport terminal immediately adjacent to the National Exhibition Centre and Birmingham International railway station.

European airlines in particular would be delighted to have the opportunity of making more direct flights from European business centres direct to Birmingham, if British Airways could be encouraged to support their applications. The European airlines by by-passing London airports and flying direct to Birmingham will certainly increase the amount of business visitors to Britain's national exhibitions now being held at the National Exhibition Centre. Direct flights create an attitude of mind that brings significant *benefits with a ripple effect.* European businessmen would quickly adapt to the idea of flying direct to Birmingham and making day visits to London instead of the reverse way around which happens largely at the moment.

If the Government was to give the immediate go-ahead for the construction of the new passenger terminal at the Birmingham Airport, a great many benefits would flow to the National Exhibition Centre and all those British firms who exhibit there. At the same time the present suffering inhabitants would obtain some relief from the congestion around *Heathrow*, Gatwick, Luton, and Stansted.

H. B. G. Montgomery.
Exhibition Consultants,
11, Manchester Square, W 1.

Capital gains tax

From Mr. M. Nathan.

Sir,—It would seem from Press reports that any reform of capital gains tax will be confined to improvements in cutting down administrative costs. If so, there is one obvious area where this could be applied. At present the small gains concession *is only* applicable to individuals and not to trustees. There is no reason why it should not be extended to the latter, subject to suitable safeguards to prevent persons taking unfair advantage of the concession by creating trusts on themselves or their spouses.

M. R. Nathan,
Howard Tilley and Co.
Commonwealth House,
1, New Oxford Street, W.C.1.

Promoting industry

From Mr. H. Parker.

Sir,—Michael Thompson-Noel's piece (February 2) on the recent survey of industrial promotion makes interesting reading, as does the report itself. As is so often the case, however, a fairly inconclusive document has a few "gems" hidden away which are revealed only *if* one digs deep enough.

Significant, I feel, are some of the ratios which can be derived from the published facts. Large British companies invest an average of less than £250 to promote the sale of each employee's production, while in smaller companies, the average figure is rather less than £150 per employee. Similarly, while large companies devote only around 40 per cent. of their budgets to media advertising with a heavy investment in international exhibitions and other activities, smaller companies invest more than half of their smaller spend in the media, and are much less active in other promotional areas.

Compared with its international competitors, British industry in general invests at an unsatisfactorily low level to promote the products of its workforce. Smaller companies, in particular, tend to expect too much from their very limited investment in media advertising, which will not in any case necessarily be the most cost-effective way of spending their money.

The opportunity remains for British industry—small and large—to make better use of the many promotional aids and techniques available to it. All the know-how, in many different forms, is waiting in the wings ready to advise and guide. All that has to be done is to ask for it, whether from Government, many trade associations or a wide range of companies.

H. T. Parker.
Roles and Parker, Ltd.,
Eagle Street, W.C.1.

Register of engineers

From Mr. T. Lambe.

Sir,—The question of a statutory registry has, of course, been discussed by chartered engineers for many years. With little knowledge of the present or future intentions of the Institution of Electrical Engineers or the Council of Engineering Institutions, perhaps the personal comments of a chartered engineer *might be of interest.*

There should be a single independent register aggregating all the separate registers of the various CEI institutions. The names of those who belong to more than one institution, would appear only once. The register would be similar to the medical directory in giving particulars of important attainments.

Keeping such a register up-to-date would be a colossal task, but one which the institutions might well be glad to unload. The availability of such a register in public libraries, overseas Embassies and High Commissioners' offices would surely *be of benefit to enterprises em*ploying chartered engineers and to self-employed chartered engineers. This availability and the additional knowledge that the register is statutory, should also give comfort and confidence to customers, clients and users of end products.

It has, within fairly recent years, been established by CEI that it is part of the codes of conduct of all chartered engineers that they should, within their competence, safeguard the public interest in matters of safety, health and, broadly, welfare. This duty should become statutory. Chartered engineers' advice or actions in their protective work should not therefore be overruled by lay or non-competent employers or by other employees belonging to a trade union. Should employers or employees persist in their overruling in matters of safety or health, the registrar would normally refer to the competent inspectorate. In other cases, involving resignation, the chartered engineer woud be entitled to heavy compensation, amounting to a substantial deterrent to the offender.

The registrar should have a statutory duty to agree with government those grades of employees in the public sector warranting chartered engineering status by reason of their professional responsibilities. Private sector insurance authorities covering safety and health would no doubt maintain parallel standards of grading. The registrar would periodically present to government for agreement, an assessment of public sector graded salary rates comparable, skill for skill, with those ruling in the private sector, in Western Europe and in North America. Otherwise more engineers would be liable to vote with their feet, to the serious detriment of management.

It might become the statutory duty of the profession to make proposals to the government to improve safety, where the death rate shows that the public are manifestly at risk, such as on the roads and sidewalks, as motorists, cyclists or pedestrians?

T. T. Lambe.
143a, Ashley Gardens,
Thirleby Road, S.W.1.

Imports of textiles

From the Hong Kong Commissioner.

Sir,—The letter (January 27) from the chairman, the Textile Industry Support Campaign gives further currency to the myth that the decline in employment in the U.K. textile industry has been caused primarily by clothing imports from Hong Kong.

The Overseas Development Institute's research indicates that the loss of jobs in the U.K. textile industry has been caused by improvements in productivity, shifts in demand and imports from developed and state-trading countries. The effect of imports from developing countries has been much less significant.

Mr. Bridge says that the U.K. has in ten years lost 300,000 textile jobs. Hong Kong with less than one tenth of the population of the U.K. has in one year, 1977, lost 36,000 textile jobs.

Denis Bray,
Hong Kong Government Office,
6, Grafton Street, W.1.

Arbitrary sanctions

From Mr. J. English

Sir,—Am I to take it that if all the major oil companies agree to pay their tanker-drivers more than 10 per cent., the Government will refuse to buy petrol or oil from them? Or to let local authorities buy from them?

This would successfully cripple the police, the fire-brigades, London Transport, most of our power-stations, and delight upon delight, all of those lovely motor-cars, in all those Ministerial car-pools.

Or will the oil companies get the closed-eye treatment afforded to Ford Motor, as being too big to bully, particularly if the Ministerial car-pools are at risk?

Jeffery English,
Willis Parsons English and Co.
Sun Alliance House,
Dean Park Crescent,
Bournemouth.

No formula for participation

From the Director-General, Chemical Industries Association

Sir,—The title given to Mr. John Elliott's article, "Bullock Changes Attitudes," may have misled some readers into thinking that employee participation in the workplace, under one name or another, is a new idea cobbled up over the past few months to stave off Bullock Major or Bullock Minor. This is most certainly not the situation in the British chemical industry. When this Association joined in the "chorus of hostility" to Bullock we did so on the basis of a long history of involvement of employees in matters affecting them—both by means of trade union representation and otherwise.

Our history of joint determination with trade unions through the processes of collective bargaining goes back 60 years. During the past quarter century we have developed with the unions an increasing number of joint approaches to the problems of our industry. Over ten years ago productivity bargaining was burgeoning in the chemical industry, not simply as a method of meeting pay code requirements but as a means of tackling the real problems of productivity and manning which had developed over years of rapid growth, and which had to be faced up to if we were to remain internationally competitive.

In many companies in our industry the productivity committees of the 1960s grew into the consultative committees of the 1970s, broadening their scope beyond the "basic shop floor *issues" to encompass matters* covering wide aspects of company operations.

Some of our people are not covered by union agreements and it is essential that we ensure that they have equality of opportunity to participate. For them, too, there are consultative committees, very often with unionists and non-unionists sitting side by side. The earliest "works council" in a member chemical company was set up in 1907; another goes back nearly 50 years. For us consulting together is no new thing.

It is worth noting that in March, 1975—nine months before the Bullock Committee was established—we published a code of practice on communication and consultation which was based on the best practice in the chemical industry. This provided guidance and suggestions for management and staff in developing and extending procedures for the involvement of employees at all levels, both directly and by representation on consultative committees.

If we are to keep this matter in perspective we should remember that the Bullock report was an irrelevant mutant in an already well established evolutionary process and not the stimulant to a new approach conceived or implemented in defensive panic.

In our view, there is no simple legalistic formula to guarantee participation by an entry in the Statute Book. There is no statutory short cut and to believe that there is one does nothing but harm to the constructive efforts being made in many companies. The way ahead can only be found by all the people in the workplace evolving together and voluntarily that relationship which best meets their particular needs, built on mutual trust and mutual support.

Martin E. Trowbridge.
Chemical Industries Association,
Alembic House,
93, Albert Embankment, S E 1.

Dangerous house

From Mr. M. Sutcliffe.

Sir,—On February 4, the property article treated us to the most favoured house design, built on a hilly site.

No wall, no railings on that dangerous flight of steps from the front door, with a sheer cliff-face on one side. Parents, children, the poor postman on a slippery morning, all with broken arms or with heads split open—I wince at that lethal "up and over" door just below.

The sheer madness of such a death trap, in this most favoured house, merits an extra insurance premium slapped on it—I shall carefully keep a hundred miles from the "originality" of its design.

M. Sutcliffe.
Forest Lodge, Bells Yew Green, Frant, Sussex.

To-day's Events

GENERAL

Government officials from Britain and the U.S. expected to begin talks in London on North Atlantic air fares.

Trades Union Congress Youth Conference, Congress House, London.

Mrs. Shirley Williams, Secretary for Education, attends Carlisle Constituency Labour Party annual dinner, Central Hotel, Carlisle, 7.30 p.m.

Mr. Merlyn Rees, Home Secretary, at dinner of Society of Labour Lawyers, County Hall, SE1, 7.15 p.m.

Mr. William Whitelaw, Deputy Leader of the Opposition, at Press seminar, Midland Hotel, Manchester.

Hong Kong buying mission continues talks in U.K.

Sir Peter Vanneck, Lord Mayor of London, attends luncheon with the Court of Assistants of the Mercers' Company, Mercers' Hall, Ironmonger Lane, EC2, 1 p.m.

Cruft's Dog Show opens, Olympia.

Historical Society meeting at St. Margaret Pattens Church, Eastcheap, EC3, 1.10 p.m. Talk by Mr. Stephen Schlick on "The Bank of England."

Last day of Microsystems '78 Exhibition and Conference. West Centre Hotel, SW6.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

OFFICIAL STATISTICS

Building Societies' receipts and loans (January).

COMPANY MEETINGS

Crystalate, Great Eastern Hotel, EC, 11.30. Arthur Lee, Sheffield, 12.30.

MUSIC

Verdi's Requiem Mass: Bach Choir and Philharmonic Orchestra, conductor Sir David Willcocks, Royal Festival Hall, SE1, 8 p.m.

OPERA

English National Opera: Rigoletto, Coliseum, WC2, 7.30 p.m. D'Oyly Carte Opera: Gilbert and Sullivan "The Gondoliers," Sadler's Wells Theatre, Rosebery Avenue, EC1, 7.30 p.m.

COMPANY NEWS + COMMENT

Second half boosts SAI to peak £4.88m.

AFTER REPORTING a £0.4m advance in first half profits to £2m., Scottish Agricultural Industries boosted profitability in the second six months to finish 1977 with a record £4.88m. pre-tax, compared with a depressed £3.13m. Sales advanced from £67.71m. to £79.2m.

Profit was subject to tax of £2.61m. (£1.72m.) and earnings came out as £2.42m. against £1.5m. The net dividend total is stepped up from 11p to 12p per £1 share, with a 7p final.

Reserves at the year end were £9.05m. (£7.63m.) with funds employed higher at £25.1m. (£21.35m.)

The company is a subsidiary of Imperial Chemical Industries.

	1977 £000	1976 £000
Sales	79,204	67,712
Depreciation	707	687
Pre-tax profit	4,877	3,127
Tax	2,614	1,724
From Govt. grants, etc.	155	92
Earnings	2,418	1,497
Retained	1,494	566

● **comment**

The trading climate for U.K. chemical fertiliser manufacturers has improved since the first half of 1977 and Scottish Agricultural Industries pre-tax profits rose 88 per cent. in the second half (58 per cent. up on the year). A turnover increase of 17 per cent. probably includes a volume gain of between 4 and 5 per cent. while margins have improved 1½ points on the back of price increases in January and June last year. A rising pound will also have helped ease the burden of imported chemical costs. Compound fertiliser prices have risen another 8 per cent. this year, following the renegotiation of ICI's preferential contract for North Sea gas (used in ammonia manufacture) which had enabled ICI to hold down fertiliser prices. However, U.K. prices are still largely below those charged by Continental manufacturers and further increases are anticipated this summer, which should give a further lift to margins. Volume sales may also increase as farmers increase stocks ahead of the projected price increases. As such, SAI should see further growth in the current year, but it is unclear exactly how the renegotiation of ICI's gas contract (ICI has a 62.4 per cent. stake in the group which it supplies with ammonia) may affect costs. The shares at 205 yield 9.2 per cent., the p/e is 6.9 per cent.

INDEX TO COMPANY HIGHLIGHTS

71% jump midway by M.L.

REPORTING A 71 per cent. jump in pre-tax profits from £162,067 to £276,743 on turnover up 25 per cent at £5.82m. for the six months to September 30, 1977, the directors of M.L. Holdings say that full year results will show a satisfactory improvement over the previous year, when a £307,738 surplus was achieved.

The company is well positioned to increase its profitability in the future, they add.

Tax for the half year took £144,000 (£84,000) leaving net profits ahead from £78,067 to £132,743. Stated earnings are 6.13p (3.41p) per 25p share and the interim dividend is lifted from 1.015p to 1.5p net, absorbing £30,000 (£20,300)—last year's final was 2.54338p.

● **comment**

Given that ML Holdings' corresponding figures were depressed by a 20 week go-slow at the Slough factory (which cost £150,000 in lost profit last year) the current half year figures look unimpressive. The group has had a rather flat 18 months. However the tide may now be turning in its favour. A recent high level of aviation research and development work (largely funded by the Government and making only a very small profit) has started to work through to firm orders for the aviation engineering division while new contracts have just been won in India and the U.S. Of more short term importance is a number of contracts are due to end in the second half (the group only takes profits on completed contracts) and ML is forecasting full year profits above its previous best of £381,000 in 1976. An eight month contract to build a new prototype bomb carrier (in conjunction with Emerson Electric) for the U.S. Airforce (worth £100,000) may prove much more exciting in the long term—if the group can win the second phase of the contract—and could provide valuable production work for at least a further two years. On ... of £600,000 the shares are on a p/e of 6.7 while the yield is 7.1 per cent. at 10p on a maximum dividend.

Tace ahead to £0.57m.—sees growth

AFTER LIFTING from £95,000 to £272,000 at midway Tace has ended the year to September 30, 1977, 42 per cent. ahead from £407,000 to £577,000. And the directors expect the progress made in 1977 to continue in the current financial year.

Turnover in the period rose from £10.43m. to £12.6m. After tax and minorities the attributable profit shows a rise from £207,000 to £308,000.

Earnings per share are given at 4.88p against 2.4p (3.28p after adjustment for deferred tax), and the final dividend is 0.75p net per 10p share taking the total to 1.25p. No dividends were paid last year and in 1974-75 the total payment was 0.8p.

● **comment**

Bad debt provisions by the heating element company H. A. Birch of £125,000 for the year (£75,000 in the second half) reduced the full-year advance at Tace to 42 per cent.; second-half profits fell by £7,000 to £305,000. Otherwise loss elimination at Rocket Engineering and the previously troublesome Dutch group supported performance. But it was the control engineering activities provided the rump of the trading improvement. Group interest charges rose a tenth to £366,000 on borrowings of £2.8m., reduced from £3.7m. Over 70 per cent. of the debt is medium term fixed at rates of around 10 per cent., and three-quarters of that is Dutch debt. So Tace is not feeling much of the benefit of short-term interest rate movements. Moreover, Tace's debt is still running at nearly two-and-a-half times the group's market capitalisation. The dividend bill has been hiked from £23,000 to £104,000 though the cover is still around three time. At 25p the shares stand on a P/E of 5 and yield 7.8 per cent.

Aaronson hits record £2.84m.

SECOND-HALF PROFITS of £1.27m. against £1.22m. earned despite very difficult trading conditions, enabled veneer merchants Aaronson Bros. to expand its pre-tax figure for the full year to September 30, 1977, by some 20 per cent. from £2.36m. to a record £2.84m.

Fully diluted earnings are shown as 12p (10.4p) per 10p share and a final dividend of 1.36158p steps up the total from 1.76510p to 1.97158p net, absorbing £382,933 (£342,847).

● **comment**

Aaronson's first half profits rise of 38 per cent. has been followed by a second half increase of only 4 per cent. This reflects the poor trading conditions during the summer in the DIY and furniture markets which were badly hit by lower consumer spending and cheap European imports of chipboard and face board—because of this, the company did not implement an allowed price rise. Nevertheless, the full year results reflect a volume gain of around 20 per cent., with the major growth being achieved in export markets (23 per cent. of sales) such as in Nigeria. At home, demand seems to have been stimulated by tax cuts and higher wages and, supported by the company's vigorous marketing efforts overseas, profits of around £3.7m. would be seen this year. This certainly looks possible if demand holds up, especially with chipboard (half of profits) gaining in popularity as a timber substitute and virtually no competition for the company's veneers (real wood and plastic laminates) and edging materials. Meanwhile, the shares, at 50p are on a p/e of 4.8 while the yield is 3.2 per cent.

Airco stake not for sale says BOC

BOC International said in a statement in New York that it advised Dillon Read and Co. Inc. and Salomon Brothers, two investment banking firms hired by Airco Inc., that BOC's 49 per cent. stake in Airco stock was not for sale.

It also said their statements that such shares are for sale could subject them to what BOC termed "grave liability."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aaronson Brothers	1.36	April 4	1.22	1.97	1.77
Benn Brothers int.	0.8	April 6	0.7	—	2.12
Berwick Timpo 2nd int.	0.8‡	April 3	0.72	—	1.68
Christie-Tyler int.	1.6	April 6	1.6	—	4.3
Crosby House int.	Nil	—	4	—	9.35
Evode	1.57	—	1.34	2.28	1.99
Gen. Funds Inv.	3.2	April 6	3.05	4.7	4.1
Greenbank Trust	3.1	March 22	2.6	3.1	2.6
M. L. Holdings int.	1.5	April 7	1.02	—	3.86
Morgan Edwards int.	Nil	—	1.18	—	1.88
W. Ransom int.	1.76§	April 6	1.04	—	2.79
Ruo Estates	10	—	2.9	13	7.54
Scottish Agricultural	7	April 7	6.5	12	11
Charles Sharpe int.	4.12	—	3.75	—	19.6
Tace	0.75	—	Nil	1.25	Nil
Tribune Investment	8.5	April 7	7.6	13	11.1
Weber Holdings	8.5	—	8.36	10.25	10.11
S. W. Wood int.	1.51	March 31	1.51	—	3.81

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Making 1.6p (1.43p) to date. § Gross.

Christie-Tyler drops to £110,000 at halftime

IN LINE with October predictions of negligible first half profits, pre-tax earnings of furniture and upholstery manufacturer Christie-Tyler slumped from £825,000 to £111,000 in the six months to October 31, 1977 on turnover 15 per cent. ahead from £16.27m. to £18.68m.

Mr. George Williams, chairman, says there has been the normal seasonal upturn since September, and predicts that second half profits should not be far short of last year's £1.73m.

"The furniture market is generally expected to improve in 1978-79 and the group is in a good position to take advantage of any improvement," he says.

Earnings per 10p share are shown down from 4.1p to 0.6p, and the interim dividend is held unchanged at 1.6p net. Last year a 2.69552p final was paid.

● **comment**

In October Christie-Tyler warned that first half profits would be negligible so the 87 per cent. down-turn comes as no surprise. The reason of course is the low level of activity in the furniture industry. Government statistics show that national furniture deliveries dropped by around 8 per cent. during the period, so Christie-Tyler did well to show a small volume gain. This was done by holding down prices — a policy which has kept factories operating at two-thirds capacity — but margins have suffered accordingly, dropping by more than four points to 0.6 per cent. The hope is for some recovery over and above the normal seasonal upturn, but as yet there is little evidence to support this. Meanwhile the stronger pound will be a stabilising factor because of the company's heavy dependence on imported timber and upholstery fabrics. On past 12 months earnings the prospective p/e is 6.8 at 72½p, while the yield of 9.2 per cent. on a maintained dividend is covered more than four times.

Serck shortfall warning

AT THE AGM of Serck Mr. R. G. Martin, chairman, warned members that despite the other companies in the group improving their performance a sharp downturn in the valve business would result in a shortfall on last year's record profits of £9.32m.

He stated that the group had had a disappointing first quarter and half year profits would certainly be lower than those of the same period last year.

In valves, demand had fallen and showed little sign of early revival. Rising costs had not been reflected in prices and the company had been handicapped by the hardening of sterling. Heat transfer started badly with disruption arising from efforts to comply with Government pay guidelines, but this was now behind the company and, with a reasonably strong order position, it would make up a good deal of lost ground over the rest of the year.

and make a scrip issue of eight new shares for every 50p share. This will mean that each existing 50p share will become ten 25p shares.

Winterbottom sees earnings improvement

With regards earnings per share of Winterbottom Trust in the current year, Mr. S. A. Field, chairman, says present estimates indicate that barring some totally unforeseen development there will be a further increase which, of course, will be reflected in dividend payment. To reduce disparity between interim and final payments it is intended to raise the interim for the current year from 1.8p to 2p.

Revenue before tax for the year to November 30, 1977, reported January 4, rose from £350,083 to £416,386 and the total dividend payment was 4.8p.

The proportion of net assets invested in the U.K. during the year rose from 41 to 53 per cent., while the proportion invested abroad fell correspondingly from 59 to 47 per cent. This change in distribution was caused primarily by the opposite movements in the U.K. and U.S. markets, and to a lesser extent by the reduction in Dollar Loans and the loss of Dollars through the operation of the 25 per cent. surrender requirement. This was abolished with effect from January 1, 1978.

The annual meeting of the company will be held at the Great Eastern Hotel, E.C., on March 7 at 11 a.m.

Tribune Inv. at £780,000: plans scrip

A marginal advance in taxable revenue from £738,426 to £779,069 is shown by Tribune Investment Trust for 1977. Net asset value per 50p share at year end was lower at 851p, against 887p.

The tax charge was £331,701 (£343,397) and stated earnings emerged higher at 17.46p (15.34p). A net final dividend of 8.5p lifts the total to 13p (11.1p).

The directors propose to subdivide the Ordinary shares into two Ordinary shares of 25p each

Morgan Edwards deficit

After a £44,496 second half loss reduced pre-tax profits to £29,016 in the March 31, 1977 year, food distributor Morgan Edwards has recorded a £118,058 loss in the 28 weeks to October 15, 1977.

It compares with a £73,512 first half profit last time and came on turnover down from £14.41m. to £12.59m. There is a tax credit of £10,728 (£28,226 debit).

There will be no interim dividend, while last year 1.18p was paid with a 0.7p final.

At the August AGM members were told that for the first 16 weeks operations excluding Gee Bee Discount were just under budget. Gee Bee however was still showing a substantial loss.

Directors say that sales overall show a decline largely because of the sale of the company's cash and carry interests and also the loss of substantial catering contracts which together amounted to £3.16m.

The problem continues to lie in the results of its retail stores, they say. The image needed changing and this was completed in early August at a cost of some £64,000, all of which has been absorbed in the interim figures.

The result of the changes at Supavalu (formerly Gee Bee) was an immediate increase in sales which are now running 22 per cent. above those of the previous year. This was achieved at the expense of gross profit which the company has not yet been able fully to retrieve because of the competitive state of the retail grocery trade, coupled with the real decline in consumer purchases of food which occurred last year.

A reorganisation will take place in the Siddall group (catering supplies) and this should result in a more effective unit. The keen competition for institutional contracts continues, directors say.

The remainder of the group has shown profit increases, some modest and other very good, but they have not been good enough to overcome the effect of the retailing problems.

SE ends Bonser probe

A SPECIAL committee appointed by the Council of the Stock Exchange has completed its investigation into a series of transactions in Bonser Engineering shares which took place on February 8, 1977.

The transactions were: the purchase by Security Selection, a licensed dealer, as principal of 230,250 shares at 14½p at a time when the market quotation was 15p to 18p; its purchase of 5,000 shares as principal shortly after at 18p; and the sale as principal later that day of 73,000 shares at 19½p and the simultaneous purchase at 19½p of these shares by Selection Universal Growth Trust, a unit trust managed by Security Selection. The market quotation was then 18p to 21p.

The chairman of Security Selection, Mr. T. S. K. Yeo was interviewed on June 23, 1977, and co-operated fully with the committee throughout its investigations, it says. He told the committee on January 19, 1978, that the profit realised by Security Selection on the purchase and subsequent sale to the unit trust was transferred to the unit trust on August 12, 1977.

Additional payments were also made to those unit trust holders who realised their holdings between February 8 and August 12.

The council has reported its findings to the Department of Trade. The committee says the investigation did not involve the company itself nor any of its employees or directors. The two broking firms involved in the deals were interviewed.

Story Back Page

English Assoc. jumps halfway

Pre-tax profit of English Association of American Bond and Share Holders for the half year to December 31, 1977, jumped from £39,585 to £115,387 and equals the record profit achieved for the whole of the 1976-77 year.

Stated earnings per £1 share are up from 11.2p to 16.5p on increased capital from the rights issue, and the interim dividend is maintained at 4.875p net with waivers on 262,139 shares — last year's final was 14p.

Tax took £45,532 (£20,584) leaving a net profit ahead from £19,001 to £69,855. There were no extraordinary credits for the period compared with £76,921 last time.

LADBROKE

Shareholders of Leisure and General are reminded that the latest time for acceptance of Ladbroke's offer is 3 p.m. on Monday, February 13.

Losses continue at Crosby House

INTERIM pre-tax losses of £154,000 were reported yesterday for the period to June 30, 1977 by Crosby House Group, the freight forwarding company in litigation against Thomas Cook Group over a company it bought from TC in January 1977. There is no interim dividend.

Pre-tax losses for the whole of 1976 were £256,000 with £14,000 attributed to the first half. These losses have now been re-apportioned more evenly throughout the year and interim losses for 1976 have now been restated at £124,000.

Only last October in his annual statement the chairman, Mr. M. J. Walsh, had told shareholders that it would be most unlikely that the level of loss suffered in 1976 would be repeated in 1977. He now explains yesterday's reported losses (which covered the period ending four months prior to this statement) in terms of the re-organisation costs resulting from the Thomas Cook purchase.

Some of these costs were provided for in the 1976 figures but "the first half of 1977 has had to bear additional costs which have masked the improving trend," he said yesterday.

Acting on legal advice Crosby's Board has refused to quantify the reorganisation costs while the litigation continues. Crosby is claiming £1.18m. from Thomas Cook on the grounds that both the assets and the trading position of the company purchased were substantially lower than suggested at the time of the sale.

Yesterday, Mr. Walsh said that the major part of the reorganisation was now completed and the group would begin to reflect the benefits of it in the second half. He was looking forward to a return to profitability in the year ending December, 1978.

The merger of the Thomas Cook company with the group's main subsidiary Baker Britt had already shown up in a 90 per cent increase in group turnover to £7.19m. (£3.78m.) for the six months to June, but while profits proved elusive Mr. Walsh refused to commit himself on when the group would return to the dividend lists.

Ruo Estates leaps to £1.3m.

TAXABLE PROFITS of Ruo Estates Holdings jumped from £470,179 to a record £1,325,492 in the June 30, 1977, year on turnover ahead from £1.37m. to £2.48m.

The result is subject to tax of £751,823 (£278,808) of which £637,164 (£223,500) is overseas.

Earnings per share on a net basis are shown ahead from 14.1p to 42.5p per 25p share and on a nil basis at 46.2p (18p). A final dividend of 10p against 2.9p last time takes the total to 13p compared with 7.54266p.

The company owns tea estates in Malawi.

Arthur Guinness hopeful of modest increase

PROFITS at Arthur Guinness "modestly in excess" of those for last year are expected in 1978 by Mr. R. A. McNeile, the chairman.

He told shareholders at yesterday's annual meeting that total sales of beer in the last two months had been slightly ahead of the same period of last year in Ireland but slightly down in Great Britain. On the non-brewing side, which is of growing importance, the group is continuing to do well.

Overseas trading is satisfactory both in volume and in the rate the company was developing new markets, he said. In Nigeria, where the operation of price control is also having an important effect, the new stout brewery at Benin came into operation just before Christmas and is already producing at full capacity.

There is a bleak outlook in Ghana since the Government has not been able to make any foreign exchange available to the purchase of essential raw materials so that the brewery is idle, he explained.

The strengthening of the pound against the dollar is making direct export to dollar markets, such as the U.S. and Hong Kong, more difficult and reducing profit in sterling terms from many of the group's overseas markets where currencies are linked to the dollar.

He added that, while the company was unable to maintain what the directors consider to be adequate profits from brewing enterprises, the non-brewing profits were increasing and partially making up for the erosion in the other sector.

Benn Bros. improves at six months

Publishers of trade journals and directories Benn Brothers announces taxable profits improved from £354,700 to £416,600 for the six months to December 31, 1977, on turnover of £4.13m. against £3.42m.

Earnings per 25p share are given as 3.07p (2.58p) and the interim dividend is raised from 0.7p to 0.8p net—for all the previous year, payments totalled 2.1185p from record profits of £924,000.

First half profit was subject to tax of £211,000 (£185,000) leaving the net balance up from £169,700 to £205,600.

Clive Inv. launches two new offshore gilt-funds

Clive Investments, the fund management subsidiary of the financial group which also owns Clive Discount, is launching two new gilt funds in the Channel Islands. Both of them will be Jersey-based, and both of them are primarily intended for non-U.K. resident investors who want to put their money into British Government securities.

Both funds are to be open-ended, and will operate in a way similar to a unit trust, in that they will issue and redeem participating shares at prices based on their underlying asset value. Both will be directed principally to the needs of those who want a high level of income, but the fund managers reckon that it may also be possible to provide an element of capital growth, depending on conditions in the market. Most of the money will for most of the time, be invested in those gilts on which interest is paid gross to non-resident investors; but when necessary Clive is prepared to go into assets which are very much more liquid.

One of the new funds, Clive Gilt Fund (Jersey), is designed for those investors who are resident in Jersey for taxation purposes, while the second, Clive Gilt Fund (Channel Islands), is intended for investors who live outside Jersey. In the case of the latter, dividends are paid without the deduction of tax at source. In each case, the initial dividend yield is expected to be in the region of 10 to 11 per cent. per annum.

Clive Investments already runs two fixed interest schemes, one capital growth, and the other for intended for those who want those who want income, within the U.K.

Mid-term loss from Smith Whitworth

After charging an extraordinary profit this time of £20,327, Smith Whitworth incurred a loss of £16,507 for the half year to September 30, 1977, compared with a £42,660 surplus. Turnover advanced from £0.89m. to £1.03m.

The figures include the six months results of Roevac Automation which was recently sold to Vickers.

For the whole of the previous year, the group achieved a £34,364 profit, but paid no dividend.

"The 1977 profits and turnover do not yet reflect our considerable expansion this year in the United Kingdom"

R. W. Rowland, Chief Executive

ighlights for the year to 0th September 1977

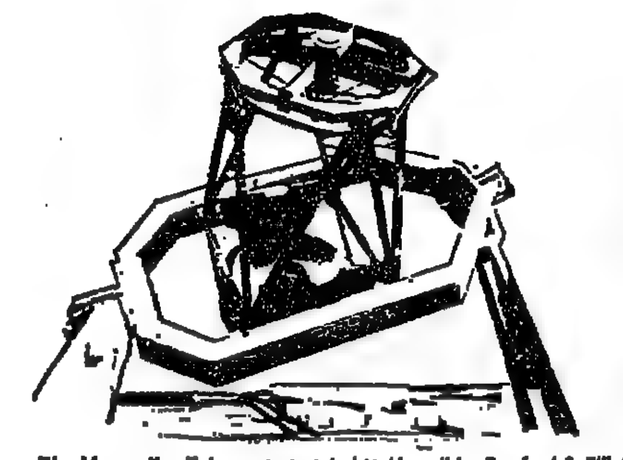
■ Total turnover increased by 16% to £1,257 million nd profit before interest and tax was £105 million, ompared with £99 million in 1976. The profit ttributable to shareholders before extraordinary ems increased by 21% to £48 million. A final divi-end of 4.2212p net per share makes a total of ,5512p net for the year. The employees of the roup and Associates in the United Kingdom now otal 55,000.

Harrods, Knightsbridge, London, SW1.

■ The net asset value of the company's UK nterests is now over £100 million. In addition, £41m as been spent on a strategic holding in the House f Fraser – an exceptionally fine group of specialist hops and department stores, including Harrods, rmy & Navy, Dickens & Jones, John Barker and .H. Evans.

■ Lonrho also acquired another nportant shareholding during he year, when the company ought 29.24% of the share apital of Scottish and Universal nvestments. SUITS, whose usinesses range from whisky to ewspapers and publishing, roduced very good half-yearly esults in September 1977, with an ncrease of over 27% in profit efore tax compared with the same eriod last year. SUITS holds a urther 10.29% interest in the louse of Fraser.

Whyte & Mackay Whisky



The Mauna Kea Telescope exported to Hawaii by Dunford & Elliott

■ As an addition to the company's engineering sector, we acquired Dunford & Elliott. This Sheffield group makes high quality carbon and alloy steels, mainly for the automotive industry. They also make forged steel rolls, extrusion press parts, armour plate and electronic research equipment.

■ The Engineering Group now comprises sixteen operational companies and twenty-five manufacturing sites in the United Kingdom, with an annual turnover of £140m.

Volkswagen Golf

■ Our exclusive Volkswagen and Audi franchise in the UK had a successful year with sales of 54,000 units. We will benefit from better supplies in 1978, and from the completion of our new £7.7m computerised central parts depot at Milton Keynes.

■ Our international confirming house, Balfour Williamson, achieved a record year.

Picking tea in Africa

■ Lonrho has tea estates in Malawi and East Africa, where total production exceeded 4.5 million kilogrammes. Most of the tea the company grows is sold on the London market, and subsequently blended for tea bags.

■ Beef ranching is undertaken over approximately 1.5m. acres, with a total herd of 100,000 head of cattle. The year was fair with average calving rate, and 20,000 head were sold, to bring results very similar to last year's.

■ Ashe & Nephew shops, which sell wines, spirits and beers in the north of England, made a significant contribution to United Kingdom profits, whilst increasing turnover to over £21m through 221 outlets.

■ For many years Lonrho was listed as a mining house. Although our mining operations have not physically reduced in size, the profit contribution has been overshadowed by the extension of our other activities. This year mining and extraction provided us with £10.96m. The improvement was particularly due to increased revenue from coal, anthracite and asbestos operations. The company produced 14,000 kilogrammes of gold, 5,500 kilogrammes of silver and 3,850 kilogrammes of platinum group metals.

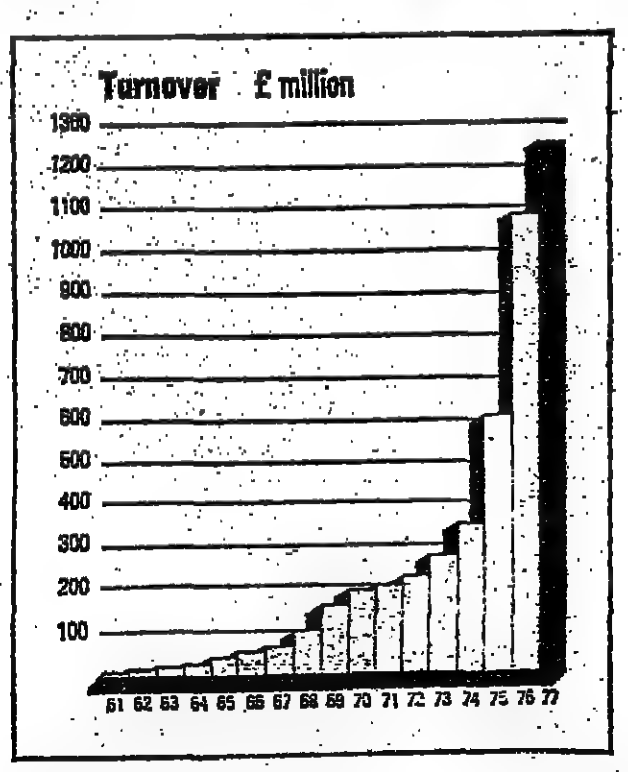
The London Metropole Hotel

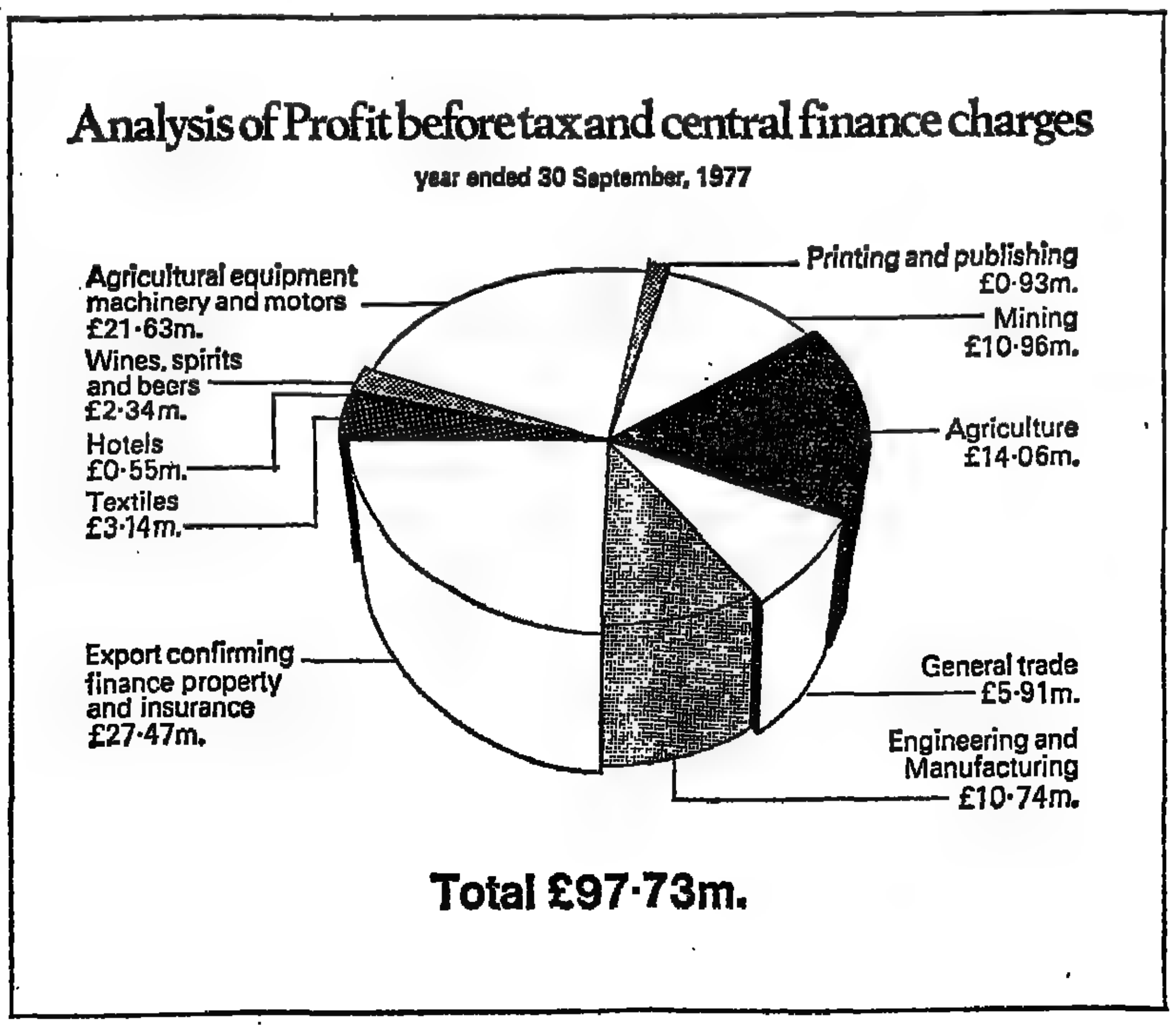
■ During the year we bought all the share capital of A.V.P. Industries, a flourishing group which includes the important Metropole Hotel Group, consisting of five hotels in London, Brighton and Birmingham. The Birmingham hotel facilities include the largest modern hotel conference centre in Great Britain.

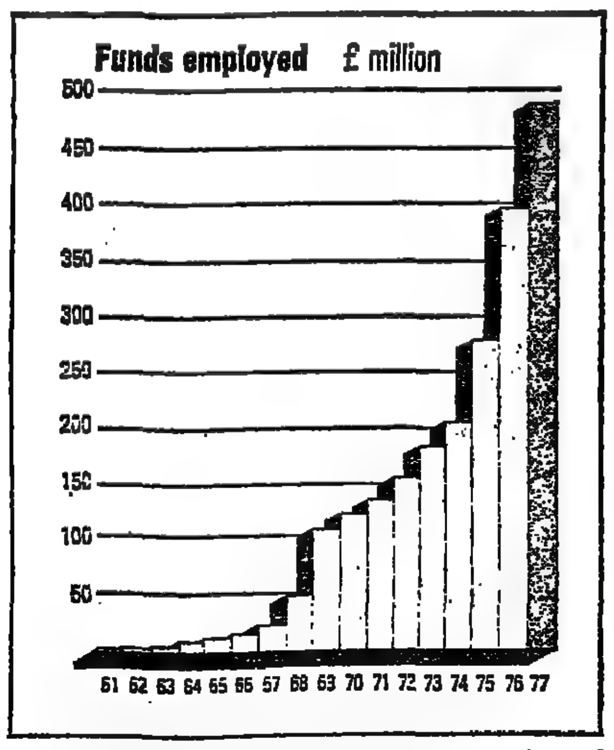
■ Brentford Nylons' main factory at Cramlington was one of the United Kingdom businesses which was streamlined this year. An improved range of household textiles is now being manufactured. We have reinforced our technical management at Cramlington with a re-training programme.

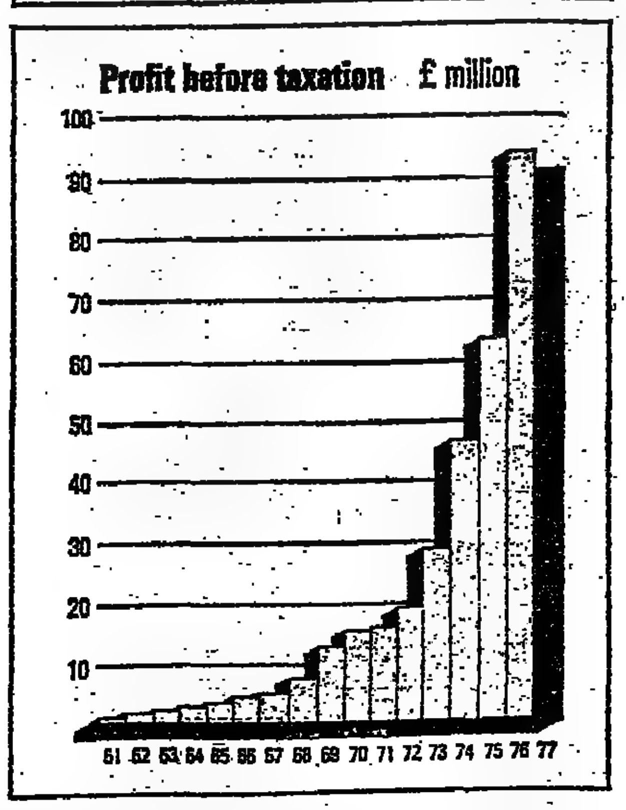
The sixty-ninth Annual General Meeting of Lonrho Limited will be held at the Great Room, Grosvenor House, Park Lane, London, W.1. on Tuesday 7th March 1978, at 12 noon.

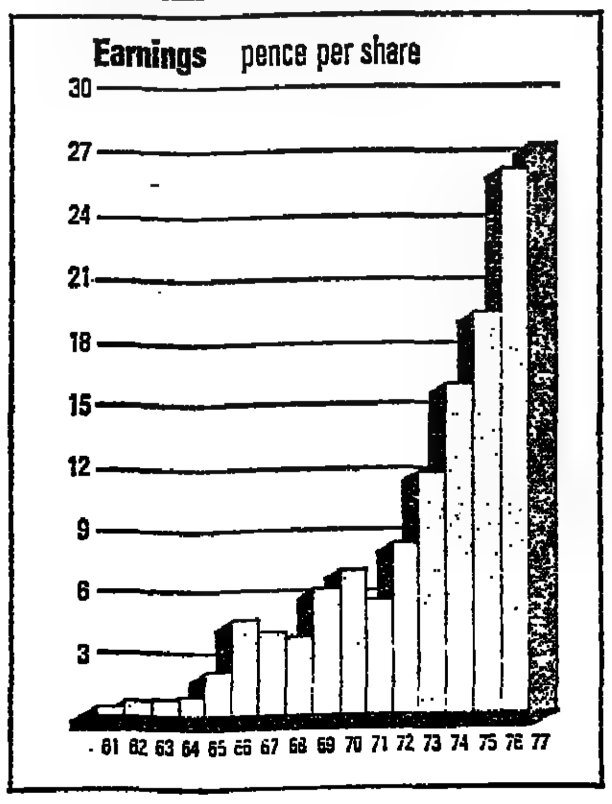
Copies of the full Report and Accounts are available from the Secretary, Lonrho Limited, 138 Cheapside, London, EC2V 6BL.











LONRHO

Lonrho Limited, 138 Cheapside, London EC2V 6BL

● LONRHO REPORT

Expansion in U.K. . . . Nyaschere deal

CONSIDERABLE expansion was made by Lonrho in the U.K. during 1976-77. By year end the net asset value of interests in the region totalled more than £100m. and the contribution to group profit at the pre-tax level advanced by £6.91m. to £21.25m.

In addition £41m. was spent on a "strategic" holding of 19.38 per cent. in the House of Fraser. Also 29.24 per cent. of Scottish and Universal Investments, which holds a further 10.29 per cent. interest in House of Fraser, was among the important acquisitions during the year, Mr. Tiny Rowlands, the chief executive, states in his annual review.

In the light of independent legal and other expert advice the directors have decided that the most satisfactory solution to the complex position over the share capital of Nyaschere Copper (Private) is for the group to acquire the 50 per cent. interest it does not already own, he says.

Revised results for the year to September 30, 1977, show taxable profit lower at £90.19m. (£93.37m.) on total group sales of £1.26bn. (£1.08bn.). This represents an improvement on the figures reported on December 21.

The net total dividend is effectively raised to 6.5512p (4.963p adjusted for scrip issue).

In order to retain flexibility for future issue, should the occasion arise, the directors are proposing to increase the Ordinary capital from £50m. to £62.5m. by the creation of an additional 50m. 25p shares. However, they have no present intention of issuing any of these shares or the 4.31m still held in reserve, Mr. Rowland points out.

At January 4, 1978, Gulf Fisheries held 40.47m. Ordinary shares.

Net liquid funds at September 30, were down £23.93m. (£10.28m.) and bank loans, overdrafts and bill advances were up from £127.54m. to £149.92m.

Capital commitments amounted to £50.93m. (£5.09m.) and a further £12.74m. (£10.22m.) had been authorised but not contracted.

An analysis of turnover and profit by activity shows, with £ms. omitted: agricultural equipment, machinery and motors £422.97 (£362.75) and £21.63 (£26.38); export confirming, finance, property and insurance £239.47 (£186.47) and £27.47 (£15.33); general trade £204.32 (£231.53) and £3.91 (£12.61); engineering and manufacturing £133.76 (£95.49) and £10.74 (£10.64); textiles £61.04 (£42.58) and £3.14 (£6.83); mining and extraction £60.22 (£53.76) and £10.96 (£8.63); agriculture £58.25 (£56.52) and £14.06 (£14.61); wines, spirits and beers £56.57 (£40.82) and £2.34 (£1.37); printing and publishing £14.62 (£10.89) and £0.93 (£1.01); and hotel £5.03 (£2.61) and £0.55 (£0.37); less central finance charges of £7.54 (£4.61).

Sales and profit broken down according to region shows: U.K. £507.12 (£342.42) and £21.25 (£14.34); West Africa £314.15 (£318.37) and £20.44 (£33.03); East and Central Africa £220.53 (£217.04) and £30.62 (£25.36); Southern Africa £118.09 (£113.66) and £13.13 (£16.04); and Europe and other regions £97.36 (£91.93) and £2.75 (£4.60).

The engineering division, which now comprises 16 operation companies and 25 manufacturing sites in the U.K., sold a 19 per cent. stake in Newman Industries at a profit during the year.

The exclusive U.K. Volkswagen and Audi franchise had a successful year with sales of 54,000 units and will benefit from better supplies in 1978 and from the completion of a £7.7m. computerised central parts depot at Milton Keynes.

The group's agriculture division has been invited to manage a large new sugar partnership in Malawi in which the national government has an important stake.

The group has also undertaken to manage the Save Sugar Project being developed in Benin and owned by the governments of Benin and Nigeria with Lonrho holding 5 per cent. of the equity.

The improved contribution from mining was due, particularly, to the increased revenue from coal, anthracite and asbestos operations.

In the north of England Ashe and Nephew off-licence shops made a significant addition to U.K. profits and raised sales to over £21m. through its 221 outlets.

Further improvement in sales by the printing and publishing division took place overseas, particularly in book production.

Meeting, Grosvenor House, W., on March 7 at noon.

LONRHO, the conglomerate with interests in Africa, Britain and elsewhere which is run by Mr. Tony Rowland, is planning to buy the half-share it does not already own in the Nyaschere Copper company in Rhodesia.

The 50 per cent. interest in Nyaschere which Lonrho envisages taking over is jointly owned by Mr. Rowland, Mr. Alan Ball, Lonrho's deputy chairman, and Mr. Angus Ogilvy, Princess Alexandra's husband, who was formerly a Lonrho director.

Arrangements by which Lonrho had provided funds to finance Nyaschere were criticised as unduly favourable by the two Department of Trade inspectors who reported on Lonrho in 1976.

The inspectors criticised Mr. Rowland, Mr. Ball and Mr. Ogilvy in connection with Nyaschere.

They also said it was their view that Mr. Rowland and Mr. Ball should not in future, as in the past, have the same legal advisers on this subject as the Lonrho group.

In their annual report, just published, the Lonrho directors say: "In the light of independent legal and other expert advice, it now appears that the most satisfactory solution would be for the company to acquire the 50 per cent. shareholding (in Nyaschere) not already held by the group."

The report also states that throughout the past year the share capital of Nyaschere was indirectly held as to 50 per cent. by the Lonrho group, and as to 50 per cent. by a subsidiary of a company controlled as to [illegible] per cent. by Mr. Rowland, [illegible] per cent. by family trustees of Mr. Ball, and as to 10 per cent. by family trustees of Mr. Ogilvy.

It adds that Nyaschere has been financed by local currency loans from the group and that as at September 30, 1977 (the end of Lonrho's last financial year), these amounted to £4.0[illegible]m. compared with £3.32m. a year earlier.

Interest on the loans is charged at 1 per cent. above local prime lending rate.

These loans to Nyaschere have been rising for some time, since at the end of September, 1975 they were only £2.43m. Last year's Lonrho report said that the increase in the loan account in 1975-76 had been caused by low copper prices.

No comment was available from Lonrho last night as to the terms on which the remaining 50 per cent. of Nyaschere might be bought.

See Lex

Takeovers increase in 1977

BY JAMES BARTHOLOMEW

IN 1977, the number of company acquisitions rose to the highest level since 1974 and their value was greater than at any time since 1973. However the fourth quarter figures were slightly down on the previous three months according to Government statistics released yesterday.

The total number of acquisitions in 1977 was 482 compared with 353 in 1976. But this recovery still falls well short of the activity in 1972 and 1973 when the figure was more than 1,200 in both cases. Similarly the total value of the acquisitions at £812m. is well up on the 1976 figure of £427m. but pails by comparison with 1972 when the total consideration was £2,531m.

The use of ordinary shares in expenditure on takeovers showed some recovery in 1977. Share issues accounted for 36.4 per cent. of the value of acquisitions in 1977 compared with 27.7 per cent. in 1976. This may reflect the greater buoyancy of the equity market in 1977. But the proportion of cost represented by shares is still well below the peak of 57.6 per cent. reached in 1972.

The use of fixed interest securities in paying for acquisitions has shown no recovery. The proportion is down to a mere 1.0 per cent. from 1.6 per cent. in 1976. Fixed interest securities accounted for more than a fifth of the consideration in the four years to 1972 but have continuously declined in importance since.

The increasing use of cash in takeovers has reflected the diminishing role of equities and fixed interest. But in 1977, cash fell from 70.7 per cent. to 62.6 per cent. of the consideration because of the partial recovery in the use of ordinary shares.

Another contrast between 1977 and 1976 is that major acquisitions increased in number much more markedly than minor ones. Takeovers and mergers worth in excess of £5m. more than doubled from 18 to 38, while those worth less than £5m. rose by a third, from 335 to 444.

In the fourth quarter of 1977, the level of takeover activity declined slightly. The number of acquisitions fell from 144 in the third quarter to 126 and their value from £273m. to £203m. However, the fourth quarter is usually weaker than the third because many bids finalised then are started in the slack summer months. The fourth quarter is well up on the same period a year before when only 72 companies were acquired for £154m.

Record year for J. C. Bamford

Staffordshire-based earthmoving machinery manufacturers J. C. Bamford Excavators sold a record £84m. worth of equipment worldwide in 1977, which was a 29 per cent. increase over the previous year, despite fierce competition and no growth in the construction industry generally, says Mr. G. Johnston, the chief executive.

Exports for the year were at a peak, accounting for 68 per cent. of turnover (59 per cent.), but Mr. Johnston states that perhaps the most important achievement was the increase in the company's share of the worldwide excavator loader market, which reached 11.4 per cent. against the previous best of 11 per cent. in 1973.

Mr. Johnston forecasts that in 1978 some £6m. (£5.1m.) will be invested in capital expenditure, while overall, the group is going for a record turnover of £105m. in the current year.

S. W. Wood loss is £0.2m. at halftime

Profits arising from normal trading activities of S. W. Wood Group during the current year will be more than offset by £300,000 of losses incurred on the disposal of Tyseley Metals, say the directors.

Operations at Tyseley are now being brought to an end and negotiations for the sale of the premises have reached an advanced stage.

In the six months to September 30, 1977 a £70,000 loss arose from this and together with losses of £242,000 on the closing of forward purchase contracts on the Metal Exchange resulted in a pretax downturn from a profit of £131,000 to a deficit of £204,000.

The deficit of £329,000, previously reported for the year to March 31, 1977 included a provision for losses sustained on forward Metal Exchange purchase contracts maturing between March 31 and the announcement of the results.

All transactions of this nature have now been accounted for in full and no forward purchase positions have been taken on the Metal Exchange subsequent to March 31, 1977.

Sales for the first half year fell from £10.7m. to £8.87m. and the directors report that general trading for the period was conducted against a background of a low level of demand and a steady decline in commodity prices, which has continued unabated up to the present time.

There was no dividend income this time compared with £27,000 and no tax against £78,000. This left the net loss at £204,000 (£80,000 profit). The loss per 20p share was 3.5p (earnings 1.4p).

The net interim dividend, which Mr. S. W. Wood and Mr. E. M. Falco have waived on 3.45m. shares is maintained at 1.5075p—last year's final payment was 2.29916p.

£2M. SALES BY NATWEST UNIT

The new National Westminster unit trust, the Universal Fund, launched on January 26, has achieved sales of £2m. in the first two weeks of the offer.

Marley optimistic

PROSPECTS OF building products group Marley are brighter for the current year than at the same time last year, directors say in their report to employees.

They say the Government needs to give more encouragement to the building industry and local authorities require more funds. Indications are that private enterprise building is showing signs of revival.

And recent cuts in personal tax and other favourable factors such as the reduction in the inflation rate have tended to increase consumer spending, which will be of advantage to Marley in the current year.

Mr. O. A. Aisher, chairman, in his report with accounts says that looking to the future the most important point to make is that the growing level of capital employed needs a selling volume which has yet to come. "Our capacity to absorb additional business without undue extra cost is therefore high," he says.

The year just ended on October 31, 1977 resulted in pre-tax profit down from £17.81m. to £15.36m. Inflation adjusted figures show pre-tax profit at £11.21m. after an additional £3.33m. charge for materials used and £0.82m. more for depreciation. These extra amounts have been reduced [illegible] per cent. by the gearing adjustment.

Marley is actively researching other countries, particularly the U.S. and South America. Mr. Aisher says there is good potential abroad for its recently developed floorcoverings, plastic extrusions and concrete products. Marley will be taking advantage of its technical skills in these fields in overseas markets in the next several years.

Last year's emphasis on spending large sums to promote and manufacture a widening range of new plastic products is continuing.

LBI assets up £1bn.

THE REPORT and accounts for 1977 which Lloyds Bank International has, for the first time ever, produced ahead of its parent Lloyds Bank, show a growth in the sterling value of its balance sheet total from £4.33bn. to £5.46bn. during the year. Within that total, advances and other accounts rose from £2.48bn. to £2.72bn., while liquid assets increased rather more rapidly; cash and short term funds amounted to £1.36bn. at the year-end, as against £905m., while term deposits with banks and other financial institutions rose from £784m. to £1.22bn.

Changes in exchange rates during the year make the figures difficult to interpret. But chairman Sir Reginald Verdon-Smith and chief executive Mr. D. Mitchell agree that sluggish growth in the world economy has been reflected in a relatively slack demand for loans, and both of them hope that activity will be picking up this year. With year-end deposits at £5.23bn. (as against £4.12bn. at end-1976) there is, they say, plenty of room for expansion of lending.

With the decline in the value of sterling apparently halted, the problem of balance sheet adequacy is no longer as pressing as once it was; nevertheless, LBI's directors have decided to retain all last year's profits with a view to helping fund the expansion of LBI.

MONEY MARKET

Interest rates decline

Bank of England Minimum Lending Rate 6½ per cent. (since January 6, 1978)

Sentiment in the London money market has now been completely reversed, and after a period when a sharp rise in Bank of England Minimum Lending Rate was generaly expected, it can now be assumed that MLR will remain at 6½ per cent. at to-day's Treasury bill tender. Nervousness about the labour situation has been drastically changed by the miners' decision to accept a wage settlement within the Government's guidelines, while the money supply figures to be published next week are expected to be rather less alarming than this week's banking figures suggested.

Indications from the Chancellor of the Exchequer that the forthcoming Budget will not be as inflationary as may have been feared also helped conditions, with all these factors adding up to an exceptional day for sales of gilt-edged stock, and an easing of interest rates in general. Discount houses buying rates for three-month Treasury bills are no longer above the trigger point for a rise in MLR.

The authorities success in selling gilt-edged stock is expected to contribute towards a probable shortage of credit to-day, but the situation should be helped by a surplus carried over from yesterday. This surplus of funds was only partly absorbed by the Bank of England, through sales of a small amount of Treasury bills to the houses.

A slight net take-up of Treasury bills was against the market yesterday, but this was outweighed by surplus balances brought forward by the banks, a slight excess of Government disbursements over revenue payments to the Exchequer, and a slight fall in the note circulation.

Discount houses paid 4-4½ per cent. for secured call loans at the start, but closing balances were more than plentiful at 2-3½ per cent.

Feb. 9 197-	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	2¼-4½	—	—	—	4½	2-4½	—	—	—
2 days notice	—	—	6-6¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	6¼-6⅛	5-5¼	—	6⅛-6¼	5⅝	4¼-5¼	—	—	—
One month	6¼-6[illegible]	6⅛-6⅛	5⅞-6⅛	6⅝-6⅜	6⅜-6½	6¼	5⅛	5⅞-5[illegible]	6-6[illegible]	6⅞-7
Two months	6½-6[illegible]	6½-6⅞	—	6⅞-6½	6⅝-6⅞	—	6	5⅞-6	6⅛-6¼	6⅞-7
Three months	6[illegible]-6½	6[illegible]-7⅛	6½-7	7-6⅞	7-7¼	7⅛	6⅛-6¼	5⅞-6	6[illegible]-6⅜	6⅞-7
Six months	7[illegible]-7	7¼-7⅝	7-7⅛	7-6⅝	7⅝-7⅞	—	—	—	6⅞-6⅞	6⅞-7
Nine months	7[illegible]-7⅝	7⅝-8	—	7⅞-7⅞	8	—	—	—	—	—
One year	7¾-7⅞	7¾-8⅛	7⅞-8	7⅞-7½	8⅛	—	—	—	—	—
Two years	—	—	9-9¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rate, nominally three years 10¼-10½ per cent.; four years 10½-10¾ per cent.; five years 10¾-11 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 6[illegible] per cent.; four-month trade bills [illegible] per cent.

Approximate selling rate for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. One-month trade bills [illegible] per cent.; two-month [illegible] per cent.; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from February 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 3 per cent. Clearing Bank Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.9275 per cent.

Noble Grossart confident as profits exceed £1m.

AFTER PAYING deposit interest of £1.32m., against £1.97m., Edinburgh-based merchant bankers Noble Grossart achieved growth in taxable earnings from £885,432 to a record £1.01m. for the year to January 31, 1978.

From the company's strong foundations the directors look forward with confidence for the coming year, Mr. Angus Grossart, the managing director, tells members.

At year end loans made by the company amounted to £14.66m. (£14.59m.) including £8m. (£7.78m.) loans up to seven days to banks and financial institutions. Deposit and current accounts stood at £18.02m. (£17.78m.).

The company, which is unquoted, paid dividends on Ordinary £1 shares totalling £57,705 (£50,510). Tax took £470,000 (£446,000) and retained profit emerged higher at £479,093, against £382,852.

There has been a continuing expansion and strengthening of the company's client base with a large part of the growth coming from outside Scotland, particularly from London where the bankers now advise a number of major companies.

The corporate finance business had a good year and was very active in the last few months. This reflected the more positive approach being adopted by most U.K. companies and relative strength of the capital market, Mr. Grossart says.

The spread of the company's advisory work was wider than in previous years with financings and placings being as important as acquisitoins or sales. A large part of total income from advisory work is now of a recurring or predictable nature.

Bankings margins were maintained during a period when the whole banking sector was very liquid and there was a limited demand for money. Acceptance credit business expanded and there is good scope to increase this in 1978 79, Mr. Grossart comments.

The leasing market was highly competitive but some shorter term contracts were written at satisfactory rates.

The company remained very liquid and most free resources were held in liquid form in its banking books. With falling interest rates the resultant reduction in income had to be made up elsewhere.

Development of new opportunities in oil and gas related activities continued both in the U.K. and overseas. The managed companies, Piet, Caber, and North Sea Assets, are now strongly represented in the North Sea.

Noble Grossart Investments, in which the company has an equity interest, had a successful year. There was a major profitable sale of NGI's interest in Century Aluminium. Other investments moved well and several are now earning profit of around £0.5m. a year, and in the last few weeks the directors have moved towards completion of several new investments. They see this as an area of profitable and expanding activity.

	1977-78 £	1976-77 £
Investment income	11,182	31,927
Deposit interest	1,320,327	1,965,681
Directors' fees	95,812	96,107
Auditors' fees	2,000	2,000
Pre-tax profit	1,012,842	885,432
Tax	470,000	446,000
Net profit	542,542	439,432
Preference dividends	6,044	6,070
Ordinary dividends	57,705	50,510
Retained	479,093	382,852

Midway rise at Wiggins

Pre-tax profit of Wiggins Construct rose from £106,196 to £141,066 in the six months to September 30, 1977.

After tax of £73,354 (£55,222) net profit comes out at £67,712 (£50,974). The interim dividend is ahead from 0.7375p net per 10p share to 0.77p. Last year an 0.8046p final was paid on profits of £371,796.

THE GOOD MERGER GUIDE

A negative was omitted from yesterday's News Analysis on the Office of Fair Trading's new booklet on mergers. The article should have made clear that the OFT insists that there is no presumption that mergers are bad in themselves.

Aurora buys 24% stake in Osborn

Y CHRISTINE MOIR

SHEFFIELD special tools ...try came alight yesterday ...he news that Aurora Holdings has bought Johnson and Brown's 19.1 per cent. stake ...ool steels and engineering ...o Samuel Osborn. Aurora ...also been buying Osborn ...s in the market and with ...JFB stake now holds 24.1 per ...of Osborn.

...borne has been the target of ...dation concerning a new bid since its talks with the Weir ...p foundered in late November. There have also been ...urs for some time that JFB ...l seek to sell its stake since ...s unlikely to make a full ...bid for Osborn itself. ...pokesman for JFB said yes... ...y that in so doing it in... ...d the income from its ...ment by 25 per cent. ...a's shares were also more ...table than Osborn's had

...question now is what ...a intends to do with its ... Aurora is a fast growing ...ering business whose profits ...risen from £400,000 to £2.4m. ... past four years. Its chair... Mr. Robert Atkinson, has ... that he has set his sights ...ofits of £10m. in the next ...ears and that this will come ...lly through an aggressive ...ition policy.

...erday, however, he refused ... whether there was any in... ...n of making a bid for ...n. "I have no plans," he ... "We have taken these ... as an investment and we ...to develop a good relation... ...ith Osborn."

...s not yet clear whether ...a will get a seat on Osborn's ... JFB did not have one ...Mr. B. E. Cotton, chairman ...born, said yesterday that the ...r had not yet been dis... ...l. "We only heard about the ...it mid-day," he said. Mr. ... did stress, however, that ...oard of Osborn still want ...oup to remain independent. ...terms of the JFB sale value ...n's shares at 78p which com... with a market value yes... ...of 81p.

BOARD MEETINGS

The following companies have notified dates of Board meeting to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Customagic Manufacturing, Elliot.

FUTURE DATES

Interims—	
James (John)	Feb. 15
Jarvis (J.)	Mar. 9
Palmerston Investment Trust	Feb. 13
Throgmorton Secured Growth Tst.	Feb. 16
United Real Property Trust	Feb. 15
Finals—	
Bath and Portland	Feb. 15
Drake and Scull	Feb. 14
Peachey Property	Mar. 9
Ransomes Sims and Jefferies	Feb. 27
Yeoman Investment Trust	Feb. 15

SGB Group hopes for improvement

Sir Edgar Beck, chairman of SGB Group hopes that the worst of the building recession is over and that the group's good results of 1976-77 will continue with further growth in the current year.

He says in his statement with accounts that the overall progress of the group depends on more stable and improving trade in the construction industry. There are a number of overseas territories where substantial improvements in profits could be made if political and economic factors change for the better.

In the year to September 24, 1977, pre-tax profit of SGB lifted from £5.71m. to £8.25m. In a mixture of the "Hyde" guidelines and ED 18 on inflation accounting, SGB's current cost trading profit emerges down from £8.25m. to £3.26m., but after including a net surplus on the revaluation of assets, profit climbs to £7.3m.

After a transfer of £2.73m. to the revaluation reserve distributable profit is shown ahead from £4.11m. to £5.48m.

An analysis of turnover and profits shows the U.K. contributing turnover of £56.19m. and profit of £6.7m., Europe £12.56m. and £0.81m., America £2.71m. and £0.03m., Africa £2.15m. and £0.22m., Australia £1.13m. and a £0.19m. loss and Asia £7.68m. and £0.68m.

Accounts show net current assets ahead from £17.13m. to £22.48m.

DoT to investigate H. & C. Davis

H. AND C. DAVIS, manufacturers of balustrades and general light engineers, is to be the subject of a Department of Trade investigation, it was announced yesterday.

H. and C. Davis, whose 3.85 per cent. Cumulative Preference shares are quoted on the Stock Exchange, made a pre-tax loss of £5,807 in 1976 and a profit of £27,575 in 1975. In his latest annual statement, the chairman, Mr. L. F. Hastings, commented that 1976 "was not an easy year." And then in the middle of 1977, "orders were extremely difficult to obtain" and the Mitcham factory was closed incurring "considerable" costs. Also in 1977, a loss was sustained on one of the large orders "as a result of contractual difficulties."

However Mr. Hastings commented that the outlook for 1978 was more hopeful, "as in recent weeks there have been signs of increased activity."

The 1976 accounts were qualified by accountants Pentin, Neame and Company. The advance of £128,772 to the parent company, Rockmark Holdings, was thought "unlikely to be repaid" and the accountants were unable to form an opinion as to whether a loan and accrued interest of £20,161 was "good." Moreover they considered that advance corporation tax of £18,481 should not have been treated as recoverable.

The Secretary of State for Trade, Mr. Edmund Dell, has instituted the investigation under Section 165(b) of the Companies Act 1948. Both inspectors, Mr. R. A. T. Stanley and Mr. R. F. G. Day, are officers of the Department of Trade. Inspectors from within the Department are often appointed to investigations of smaller companies.

BANK RETURN

	Wednesday Feb. 8 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT	£	£
LIABILITIES		
Capital	14,553,000	—
Public Deposits	27,206,350	+ 1,938,379
Special Deposits	1,204,000,000	—
Bankers	404,000,249	— 24,765,152
Reserves & Other Accs.	862,288,663	+ 113,487,310
	2,512,132,072	+ [illegible]
ASSETS		
Govt. Securities	2,109,471,088	+ 137,785,000
Advances & Other Accs.	233,709,086	— 38,062,982
Premises, Equipt. & other Secs.	153,499,696	+ 13,832
Notes	15,294,905	— 8,066,494
Coin	167,299	+ 4,040
	2,512,132,072	+ 90,669,537
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	7,860,000,000	+ 25,000,000
In Circulation	7,834,705,095	+ 33,066,493
In Bank'g Dept	15,294,905	— 8,066,493
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	6,570,330,941	+ 21,760,113
Other Securities	1,098,653,959	+ 3,239,887
	7,860,000,000	+ 25,000,000

MINING NEWS

Government loans to save mining jobs

BY KENNETH MARSTON, MINING EDITOR

CANADA'S Inco, the world's biggest producer of nickel, is now studying the report of an Ontario Legislature committee which has recommended a 60-day moratorium on employee lay-offs by Inco at its major Sudbury operations. The moratorium is designed to avoid 1,800 redundancies which were due to start on February 13.

The report said that the Federal and Ontario Governments would be asked to finance interest-free loans to Inco to cover the excess nickel production which would occur as a direct result of not carrying out the job cuts. It also said that the United Steelworkers of America trade union, which represents the mine and smelter workers, would be asked to develop and implement a job-sharing programme.

Inco has been particularly severely hit by the depression in the market for nickel. The company's fourth quarter earnings last year dwindled to $US4.6m. (£2.37m.) compared with $60.9m. in the same period of 1976 and total earnings for 1977 amounted to $99.9m. against $196.8m. in the previous year.

The chairman, Mr. Edwin Carter, has told the Ontario committee that Inco would face bankruptcy if it were forced to abandon its production cutbacks in order to maintain full employment.

Meanwhile, it is reported that Mr. Yves Berube, the Quebec Natural Resources Minister, has disclosed that his Government has signed an agreement with Campbell Chibougamau Mines to provide the company with up to $C891,500 in preferential loans at 5 per cent. interest.

The arrangement is designed to help the copper producer to develop new ore reserves and forestall the closing of its northern Quebec operations. Repayment of the loan will be made when copper prices recover and the company makes profits again.

In return, Campbell Chibougamau has agreed to maintain its Cedar Bay and Henderson operations and to supply the Government with a development plan for the Henderson division by June 15. The company will remain in operation providing its operating loss does not exceed $100,000 per month for more than two successive months.

The Minister also said that negotiations are continuing with France on a programme whereby Quebec would guarantee a long-term copper supply and France would help in exploration.

The depression of nickel and copper markets is hitting the producers throughout the world and pending the revival which must eventually come, many world mines face production cutbacks and possible closures.

Indeed, this is already happening and in Australia the authorities are supporting Consolidated Gold Fields' loss-making Mount Lyell copper mine in Tasmania in order to preserve jobs on which the township of Queenstown largely depends.

Governments have been criticised, and rightly so, for severely taxing "windfall" profits when metal prices are riding high and saying little when they are low or when the mining companies are taking the exploration risks.

If, however, this trend towards supporting mines when jobs are at stake continues, Governments of developed countries might find themselves in the ironic position of being criticised for maintaining metal production, at a time of world surplus, at the expense of mines in hard-pressed developing countries.

Fraser Island: Australia reconsiders

THE AUSTRALIAN Government is re-assessing the effects of its decision last year to close down the beach mining operation of D.M. Minerals on Fraser Island, off the Queensland coast.

A spokesman for Mr. Doug Anthony, the Deputy Prime Minister, said the Department of Trade and Resources is preparing a report for delivery to the Minister in the next week.

D.M. Minerals is a joint venture of Dillingham Corporation of the U.S. and Murphyores, a local group. Their operation was closed down on environmental grounds and has been the subject of bitter argument about the level of compensation which should be granted.

The companies demanded $A23.9m. (£14.1m.), but the Government, claiming it had no legal liability, was not prepared to offer more than an ex gratia payment of $A4m.

The nature of the Government's re-assessment is not known, but it is presumably anxious to minimise any damage to the prospects for future foreign investment.

Mr. Anthony's spokesman said in Canberra that Dillingham had provided the Government with more information. A meeting between Dillingham and Government representatives is expected after Mr. Anthony has considered the situation.

ANGLO SWITCHES DIVIDEND DATE

The South African Transvaal and Orange Free State gold mines of Anglo American Corporation are to change their system of dividend declaration and payment so that in future the declarations coincide with the publication of operating results for the relevant accounting period.

The practical effect will be to announce the declaration of dividends five weeks later than in the past.

The new system comes into effect immediately so that for the current year the OFS companies—F.S. Geduld, F.S. Saaiplaas, President Brand, President Steyn, Welkom and Western Holdings—will publish the declaration of their interim dividends on April 21 and pay it on June 8. The respective dates for the final will be October 19 and December 7.

For the Transvaal companies—East Daggafontein, South African Land, Vaal Reefs, Western Deep and Southvaal — the publication date of the interim dividends will be July 21 and the payment date September 7. The respective dates for the finals will be January 19, 1979 and March 8, 1979.

In view of this later declaration of dividends, the investment company, Anglo American Gold Investment (Amgold), is to change its financial year-end from December 31 to the last day of February. The current financial period will therefore run from January 1, 1978 to February 28, 1979.

The Amgold interim for the current financial period will be declared as usual in mid-June, for payment early in August, while the final will be declared early in March, 1979. Thereafter, interims will be declared in August and finals in March.

New Central Wits has changed its year-end from June 30 to August 31. The current period will thus cover 14 months and the final dividend will be declared towards the end of September, 1978. Thereafter, interims will be declared in March and finals in September.

GOPENG OUTPUT HIT BY FLOOD

Flooding and electric power shortages last month caused a drop in tin concentrate output at Gopeng Consolidated, the Malaysian tin producer. The latest statistics from the company reveal that after four months of the current financial year output at 553.25 tonnes is running well behind the production for the same period of last year, when the figure was 622.75 tonnes.

For three of the last four months Gopeng has been affected by flooding. Only in December was output higher than in the same month of the previous year. The production figures for the mine and others in the group are compared in the accompanying table:

Gopeng	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

Small profit by Grimshawe

Grimshawe Holdings, the concern formerly headed by Mr. Peter Grimshawe, made a small profit of £13,000 in the six months to October 31, 1977, compared with one of £7,000 in the corresponding previous period. In the full year to April 30, 1977, there had been a pre-tax loss of £39,000, against one of £391,000 in 1975-76.

The chairman, Mr. Thomas Kenny, points out that the results of the group, which has a large debt to the Midland Bank, were helped by lower interest rates; interest payable in the half year was £55,000, against £89,000. Closure costs of the Scottish retail outlets, which have lost money consistently over the years, and have now ceased trading, absorbed £36,000. The greater part of the assets of Minicircuits have been sold, involving a non-recurring loss put at £17,000.

Mr. Kenny notes that the company is seeking to recover through the High Court—other methods having failed—the moneys due from Galdenburgh Holdings and referred to in the interim statement of February, 1977. He confirms that his company has also begun proceedings against Mr. Grimshawe and Mr R. Philby, who were directors at the time of the transactions in question.

Trading conditions continue to be difficult, says Mr Kenny. "We are competing with the majors who operate in our sector. The encouragement is that we have passed from a period of sizeable losses to one of profit, alas too small. The directors are pursuing their uphill course to recover something for the shareholders: on balance there seem to be more pluses than minuses."

Suter shares suspended

Shares of Suter Electrical, hair salon equipment manufacturers, were suspended yesterday at the company's request pending an announcement. Prior to suspension the shares had risen from 8½p to 10½p.

Mosley St. Nominees holds 13.4 per cent. of the equity, and Overdevelopment Nominees 37.3 per cent.

Evode dips in second six months

AFTER AN advance from £0.37m. to £0.69m. at the interim stage, taxable profits of manufacturers of adhesives, jointing compounds, etc., Evode Holdings finished the 53 weeks to October 1, 1977 little changed at £1.48m., compared with £1.45m. for the corresponding period.

Yearly earnings per 20p share are shown to have risen from 8.61p to 12.11p and the final dividend is 1.569p net lifting the total for the year from 1.988p to 2.284p. A one-for-one scrip issue is also proposed.

The tax charge which is down from £770,000 to £499,000 makes no provision for the deferral of tax due to stock appreciation.

The directors report that the group's land and buildings have been re-valued on the basis of their open market value in existing use.

	1976-77 £000	1975-76 £000
Turnover	[illegible]	[illegible]
Trading profit	[illegible]	[illegible]
Share of assocs.	[illegible]	47
Profit before tax	[illegible]	1,450
Taxation	499	770
Net profit	984	[illegible]
Extraordinary debit	[illegible]	[illegible]
Minorities	—	5
To capital reserve	[illegible]	19
Available	944	[illegible]
Interim dividend	[illegible]	38
Final	[illegible]	100
Retained	[illegible]	[illegible]

INTERNATIONAL FINANCIAL AND COMPANY NEWS

SCANDINAVIAN NEWS

Atlas Copco's earnings down again

BY WILLIAM DULLFORCE

STOCKHOLM, Feb. 9.

ATLAS COPCO, the Swedish rock-drilling and compressed air equipment group, reports a decline in pre-tax earnings in 1977 for the second year running. After lower tax provisions and reduction in the inventory reserves, however, the preliminary figures show an increase of over 60 per cent in the net consolidated profit to Kr.164m. The board recommends an unchanged chareholders' dividend of Kr.6 a share.

Pre-tax earnings slipped by 12 per cent in 1977 to Kr.297m. ($64.6m.). The operating profit after depreciation was almost exactly the same at Kr.442m. but net financial costs increased by Kr.42m. to Kr.145m.

Sales grew by just under 10 per cent. to Kr.4.16bn. ($905m.), which means that the volume remained virtually unchanged. Foreign markets accounted for 92 per cent. of turnover, as sales inside Sweden shrank by 15 per cent. Substantial gains were recorded in Norway, Britain, the U.S., Australia, Holland and Belgium.

Second-half pre-tax earnings come out at Kr.132m. against Kr.165m. in the first half but they represent only a slight decline from the Kr.139m. recorded in the second half of 1976, when Atlas Copco's profit slide started. The Swedish companies are still operating at loss mainly due to high cost levels, low capacity utilisation and currency losses.

Group inventories rose by Kr.300m. during the year, the major part of the increase coming in the Airpower division and the foreign sales companies. The stock reduction target set for the MCT civil engineering and mining division was not reached and the management notes that it may have to keep the production volume low again this year, especially for pneumatic mining and construction equipment.

Atlas Copco is planning for an increase in group turnover this year of about the same size as in 1977. The krona devaluation could result in a rather larger sales increase at current prices, in spite of continued depressed demand for several products, but the management is diffident about forecasting the effect of the devaluation on sales.

AGA better in second half

PRELIMINARY results from AGA, the Swedish industrial gas, heat engineering and welding concern, give a drop of Kr.20m. in pre-tax earnings to Kr.174m. ($37.4m.) in 1977. This is better than the management's half-year forecast and reflects a second-half recovery to Kr.91m., compared with Kr.83m. for the first half and Kr.90m. in the second half of 1976.

After adding the extraordinary income from the sale of subsidiaries and fixed assets, the pre-tax figure comes out at Kr.194m., against Kr.205m. Earnings per share are provisionally estimated at Kr.14 compared with Kr.17.75 in 1976. The Board proposes to pay an unchanged dividend of Kr.5.50 a share.

Group turnover was Kr.2.45bn. ($527m.), which amounts to an increase of 12 per cent. after adjustment has been made for the companies sold. AGA disposed of its battery company, Tudor, and its military electronics operation in 1977 as well as a Danish electronics company.

The group operating result after depreciation was Kr.238m. If the companies sold are eliminated from the 1976 figures, this amounts to an increase of 13 per cent. Net financial costs, including dividends, decreased from Kr.38m. to Kr.21m. but the preliminary account includes a currency loss of Kr.43m. emanating from the devaluation of the krona and the appreciation of the Swiss franc.

The total estimated loss, both realised and unrealised, has been included in the 1977 account. Liquid assets at the end of the year were Kr.407m. compared with Kr.310m. at the end of 1976.

The preliminary report contains no profit forecast, but in a newspaper interview this week Mr. Sven Aagrup, the managing director, anticipated a "noticeable improvement in profitability" this year.

INTERNATIONAL CAPITAL MARKETS

Venezuelan DM700m. package

BY FRANCIS GHILES

VENEZUELA is expected to raise DM700m. in a few weeks time. This amount will be raised by means of a joint package—DM200m. in the form of a band and DM500m. in the form of a medium term credit. Lead manager for both operations is expected to be Westdeutsche Landesbank. These operations will contribute substantially to the funding of the Republic's foreign borrowing programme this year. The D-Mark bond issue will be one of the largest ever by a member of the Organisation of Petroleum Exporting Countries (OPEC).

The fine fettle of the Deutschemark sector of the bond market was further demonstrated by the terms for the Brazilian Banco Nacional de Desenvolvimiento Economico (BNDE) issue. DM150m. for eight years with an indicated coupon of 6¾ per cent. and a naverage life of 6.5 years. This bond is being arranged by Commerzbank.

Only last month the Republic of Brazil was paying the same coupon on a bond with a maturity one year shorter. Although the BNDE is government controlled, its bond carries no sovereign guarantee. The borrower is not considered as of the same quality as the Republic.

The secondary market moved up again yesterday, spurred by the terms for the latest domestic Federal Government funding which confirmed that interest rates were on their way down. Some names were up by as much as half a point on the day.

The strength of the market was well demonstrated by the fact that the Banque Nationale d'Algérie's 7¼ per cent. issue which had been priced at par by lead manager Dresdner Bank was being quoted around 99, a worthwhile performance as Algeria is not the market's favourite borrower.

BONDTRADE INDEX

	Yesterd'y	Wedn'sd'y
Medium	99.77	99.76
Long	93.66	93.65

The next D-Mark operation will be a private placement for the French borrower, Groupement pour l'Industrie Sidérurgique. It is due to be announced next Monday by Bayerische Landesbank.

In the dollar sector, a $30m. issue was launched last night for Hitachi Zosen. Maturity is five years and the indicated coupon 8¼ per cent. Lead managers are Nomura and S. G. Warburg. The bond will be guaranteed by Sanwa Bank. Pricing is indicated at a discount.

The dollar secondary market remained firm and there was considerable activity in the Floating Rate Note area which was described by dealers as very firm.

The sterling sector continued to recover. INA opened in first time trading at 98¾-99¼ while the recent Sears issue was quoted at 98¾-99¼.

In the Swiss franc sector the Austrian Electric utility Oesterreichische Donaukraftwerke plans to float a Sw.Frs.100m. 15-year bond from February 23-28. Final terms are as yet undisclosed.

Societe Marocains de l'Industrie du Raffinage (SAMIR) is raising a K-Dinar7m. ten-year bond with a coupon of 8¾ per cent. Pricing was at par with the whole issue being underwritten by the two co-lead managers: Banque Arabe et Internationale d'Investissement and Kuwait International Investment Company. The bond is guaranteed by the Kingdom of Morocco.

Charles Batchelor adds from Amsterdam: Amro plans to place privately a Fls.70m. fiv-year note carrying a coupon of 7 per cent. Subscriptions for the note which have been priced at par will open on February 10.

SI Pirelli looks for same again

Financial Times Reporter

SOCIETE INTERNATIONAL Pirelli SA, the Basle-based international holding company in the Dunlop-Pirelli union, expects profits for the year to June 30 to be similar to those last year.

Sales of companies under its direction reached approximately Sw.Frs.2.958bn. in 1977, about 10 per cent. more than in 1976.

The profits of the associated companies and the Dunlop companies in which Societe Internationale Pirelli has holdings reached on the whole a satisfactory level in 1977, according to the company.

The acquisition of the electric power cable operations from General Cable Corporation in the U.S. will become operative at the end of March, 1978.

The Board has decided to redeem in advance the two 5¾ per cent. 1967 and 1968 debenture issues for Frs.35m. and Frs.40m. respectively, and to offer their conversion into a new debenture loan.

ESAB cuts its dividend

By Our Own Correspondent

STOCKHOLM, Feb. 9.

ESAB, the Swedish welding equipment manufacturer, experienced a sharp profits slump in 1977 and the Board proposes to cut the shareholders' dividend from Kr.9 to Kr.7 per share. It is reducing its expansion targets and mothballing plans for new units in Sweden, Britain and West Germany.

Preliminary figures show a loss of Kr.16m. ($3.48m.) before extraordinary items compared with pre-tax earnings of Kr.54m. in 1976. The loss grows to Kr.18m. after extraordinary items. Sales increased by 8 per cent. to Kr.1.3bn. ($283m.).

The parent company in Gothenburg has been particularly badly hit, reporting a loss of Kr.26m. on a Kr.435m. turnover. At the halfway stage ESAB was still showing a profit of Kr.8m., so that the plunge into the red has come during the second half.

The preliminary report attributes the slide partly to weakening demand and poor price developments but also to the structural changes taking place among some of ESAB's principal customers, the shipyards and the steel industry.

Sidor defers international funding plans

BY JOSEPH MANN

CARACAS, Feb. 9.

SIDOR, Venezuela's state-owned steel manufacturer which sounded out foreign banks late last year for a loan of $500m. will not seek any credits on the international capital market "over the next few months," the president of Venezuela's Central Bank said to-day.

Sr. Benito Rual Losada, the bank president, said that Sidor, would meet its immediate capital needs through loans from the Venezuelan Investment Fund. (VIF), a state financial institution with assets of around $6.9bn.

He added, however, that it was likely that Sidor would again seek funds from foreign banks later in the year, but that the financing would amount to less than $500m.

Sidor, an acronym for Siderugica del Orinoco, is the country's largest steelmaker and is now in the process of increasing its total capacity from 1.2m. metric tons per annum to 4.8m.

During the last months of 1977, the company asked foreign banks for offers on a $500m. credit to be applied to its expansion programme.

In another development, Caracas newspapers to-day quoted Finance Minister Luis Jose Silva Luongo as saying that the Venezuelan Government would seek new foreign credits of $1.3bn. The Minister did not indicate when the Government would try to contract this new loan, but only recently Sr. Silva Luongo returned from London where he signed an agreement for a 10-year syndicated loan of $1.2bn. for the Republic of Venezuela.

According to figures released by the Government, it is estimated that the official sector's borrowing plans through 1980 will require just over $3bn. in additional loans and buyers' credits. This figure, though, could be increased as a result of cost overruns or other credits for refinancing.

The Venezuelan Government's total external debt—including obligations of Government-owned institutes and enterprises—reached a record $4.77bn. last year, up from $3.5bn. the previous year.

In 1976 the Government made its first big entry into the Eurocredit market with a syndicated loan for $1bn., which was used to refinance outstanding short-term debt. Last year it agreed to two syndicated loans totalling $1.55bn. and sold three bond issues in New York and London which added up to $350m. It also launched Republic of Venezuelan bonds in Tokyo for $20bn.

Most of these funds were applied to the Government's ambitious industrial development projects, including steel, aluminium, hydro-electric power and public works.

AMERICAN NEWS

New crude supplier for Corco

By Our Own Correspondent

NEW YORK, Feb. 9.

COMMONWEALTH Oil Refining Company (Corco) which is still seeking an alternative to filing for bankruptcy, has secured a replacement for Ashland Oil as a supplier of crude oil for its Puerto Rican refineries.

Corco announced yesterday that subsidiaries of Coastal States Gas, the Houston-based company, had agreed to supply the required amounts of crude oil, naptha and condensate to keep the refineries running for six months from yesterday.

Keeping alive the possibility of its filing for protection under Chapter 11 of the Federal bankruptcy laws, Corco stressed that the agreement with Coastal States would be an important step in ensuring that the company would maintain its operations through any bankruptcy process.

Ashland had been supplying Corco with crude and other oil products for most of last year under a series of agreements which eventually expired on February 3. Coincidentally, it had been negotiating with Corco and its banks on taking control of the troubled refiner but announced a fortnight ago that no agreement had been reached acceptable to all involved.

Under the new supply arrangement Corco will lease to the Coastal States Gas subsidiary dock facilities, tank storage and pipelines at its Guayanilla Bay refinery in Puerto Rico.

Record results for ITT despite final quarter slip

BY JOHN WYLES

NEW YORK, Feb. 9.

INTERNATIONAL TELEPHONE and Telegraph Corporation, the world's largest conglomerate, achieved record sales and earnings last year despite a 20 per cent. decline in fourth quarter earnings wich is largely attributed to the effects of accounting rules on foreign currency fluctuations.

Mr. Lyman Hamilton, who succeded the legendary Mr. Harold Geneen as chief executive at the end of last year, explained that under the accounting ruling, the company is required to write up foreign currency liabilties immediately while stock appreciation can only be recorded as a gain when the currencies are sold. Eventually, he said, the company would show a benefit from currency movements.

For all of 1977, the company expects to report earnings before extraordinary items of $562m., or $4.14 a hare, a 14 per cent. increase on 1976s $492m. or $3.85 a share. Sales are estimated at $13.1bn. compared with $11.8bn. Insurance and finance income is not included in tihs figure and this additional revenue was $3.5bn. compared with $3.1bn.

In the fourth quarter, ITT reported a preliminary profit before extraordinary items of $122m. or 89 cents a share, a decline from the $153m. or $1.21 a share which was the restated profit for the 1976 fourth quarter.

Sales in the quarter rose to $3.9bn. from $3.5bn. ITT says it will make an extraordinary provision for the fourth quarter of $30m. or 22 cents a share against the expected sale of its building subsidiary, Levitt and Sons. The writedown is the difference between book value and the expected sale price.

The impact of this loss on year end figures will be reduced to $11.6m. by offsetting $18.4m. or 14 cents a share extraordinary gain from the sale of ITT's holdings in Avis.

Kodak fuels camera price war

BY OUR OWN CORRESPONDENT

NEW YORK, Feb. 9.

THE fascinating duel in the instant picture camera market between Polaroid and Eastman Kodak moved to new ground yesterday with an announcement from Kodak of lower prices and new models.

Instant picture camera sales rose by an impressive 68 per cent. in the U.S. last year, which was Kodak's first full year in the market. Although around 66 per cent. of all sales were by Polaroid, Kodak introduced a significant measure of price competition and boosted its volume from 1m. to 3m. units.

Since last year's growth is unlikely to be matched this year, analysts foresee a much sharper battle for market share. Kodak yesterday threw down the gauntlet to its rival by reducing the recommended price of its least expensive model, the Handle, from $39.95 to $34.95.

At the same time it announced that it would be introducing two new cameras, the Colorburst 100 and the Colorburst 200, which would replace the EK4 and the EK6, launched in 1976. The cut in the recommended price of the Handle will put it $5 cheaper than Polaroid's fast-selling One Step, but rebating last year had generally made the camera available more cheaply anyway.

Kodak also plans to market four new conventional pocket cameras priced from $19.95 to $44.95. Two additional models, the Ektralite and the Ektramax, will be launched in August; their prices have not yet been disclosed. Kodak claims that the new cameras will be more versatile than older models because they will be equipped with faster shutter speeds and better lenses.

Meanwhile, Eastman Kodak to-day announced its regular quarterly dividend of 40 cents payable April 3.

CPC predicts sales and profit advance

By Terry Byland

HIGHER sales and profits are expected in 1978 by CPC International, despite continued adverse conditions in its domestic corn sweetener division.

CPC reports net earnings for 1977 of $132.9m. or $5.60 a share compared with $122m. or $5.15 a share previously. Sales totalled $2.86bn. against $2.69bn. International operations had an "exceptionally good year" and increased their contribution to group earnings from 55 per cent. to 62 per cent., on a sales contribution of 60 per cent. against 57 per cent.

The fourth quarter brought in net earnings of $41m. or $1.73 a share compared with $38m. or $1.61 a share in the preceding year, on sales of $741.1m. against $674.4m.

The company said that while its corn products unit of the U.S. industrial division maintained sales levels, "the erosion of prices in the U.S. for corn sweeteners together with overcapacity in the industry adversely affected sales revenues and resulted in a small operating loss in the domestic corn wet milling business."

But its other industrial operations, CPC Europe and CPC Latin America made "good earnings progress."

CPC Europe and Best Foods division "posted strong gains" in sales and earnings and divisions in Latin America and Asia "also recorded good increases."

For 1978, CPC looks for improvement in its consumer businesses, both domestic and international. The company is best known in Europe, via its CPC (U.K.) and CPC (Europe) operating companies, for its Knorr packet soups, Hellmann's mayonnaise and Mazola corn oils.

Pan Am turnround to $45m.

BY GEORGE MILLING-STANLEY

AGAINST ANALYSTS' projections of net profits of some $59m. for 1977, Pan American World Airways made operating net profits of $45m. on revenues of $1.91bn. The previous year's restated figure was a loss of $13m. from revenues of $1.66bn.

Pan Am said that 1977 results were adversely affected by an $8.4m. adjustment which recorded the effect of capitalising finance leases in accordance with FAS 13. Excluding this adjustment, which had no effect on the company's cash flow, net income would have been $53.4m.

The company recorded a net loss in the fourth quarter of $9.5m. on operating revenues of $476.3m. In the same period a year ago, the net loss was $100,000 on revenues of $403.6m., but no proper comparisons can be drawn because of the numerous accounting changes between the two periods. The $100,000 loss a year ago was struck after a tax credit of $800,000.

With present legislation permitting airlines to offset income taxes completely against available tax credit, no federal income taxes were provided for in 1977. However, the 1977 results do provide for foreign, state and local taxes of $6.2m., while the 1976 full year had a net tax credit of $1.4m.

The 1977 net profit was equal to $1.06 per share or 85 cents fully diluted. Fourth quarter loss was equal to 22 cents a share. Operating expenses were $472.4m. compared with $393[illegible] for the fourth quarter, and $1.82bn. against $1.68bn. for the full year.

The 1976 figures, which have been restated, exclude an extraordinary gain from a debenture exchange of $117.5m., less income taxes of $28.2m., and a gain from a tax loss carry forward of $23.6m. for a total of $2.67 a share. With the inclusion of extraordinary gains, Pan Am's 1976 net loss became a net profit of $89.9m. ($2.36 per share, $1.80 fully diluted).

Alcoa shipments may fall

NEW YORK, Feb. 9.

ALUMINUM Company of America expects that its first quarter shipments "will definitely be up" from the fourth quarter's 392,000 tons, but says it will find it "tough" to match the year-earlier first quarter shipping pace of 447,000 tons.

Mr. George T. Haymaker, Jr., vice-president and treasurer, did not project earnings at a question-and-answer session with securities analysts here. But he said after the meeting that the difficulty in matching year-ago shipping levels—which has prevailed for the past two quarters—reflects "some softness" in demand for non-rolled products. He also noted that there was some strike-hedge buying a year ago.

But Ms. Louise Wilson, associate economist, said Alcoa is not changing its late-1977 forecast for total industry shipments. That projection called for a 5 to 7 per cent. shipment rise this year, following last year's advance estimated by others at 5 per cent. Alcoa, she said, was likely to be "consistent with the industry."

While there is still some softness in demand for non-rolled products, Alcoa sees an improving trend. Mr. Haymaker said after the meeting that orders for these products "started strengthening pretty sharply in the September to October period."

Demand for flat-rolled products continues strong with delivery times for current orders stretching into May.

Emphasising the company's previous reluctance to press ahead with expansion of raw metal capacity, Mr. Haymaker told the analysts: "We are deferring decisions on investments in new smelting facilities until some time in 1979."

AP-DJ

Eaton buys up Kenway

CLEVELAND, Feb. 9.

EATON CORPORATION has acquired Kenway, of Bountiful, Utah, for cash and conversion of Kenway shares into Eaton common shares. Value of the transaction was not disclosed.

Kenway had sales of $39[illegible] and net income of $1.9m. for the fiscal year ended April 30. It designs and makes automated storage and retrieval systems and will continue to operate as an Eaton subsidiary.

Reuter

Canada Cement

Consolidated net earnings of Canada Cement Lafarge in the fourth quarter of 1977 amounted to 35 cents per share (37 cents in 1976). In the fourth quarter of 1976 the operations benefited from exceptionally favourable weather and from a past strike catch-up. For the year as a whole, consolidated net earnings amounted to $C22.[illegible] ($C1.14 per share) compared with $C23.2m. ($C1.18 per share). The 1977 results were penalised by the start-up phase of operations at the new cement plant at Demopolis. Cement shipments improved slightly last year.

Hoover lifts dividend

Hoover Co. is raising its quarterly dividend to 21 cents from 19 cents, reports Reuter from Ohio. The chairman and chief executive, Mr. Merle Awson, said the operating outlook is better and the U.K. economic climate appears brighter. Hoover expects to benefit from new product introductions. Figures for 1977 are not yet available but operating results will show a good gain over 1976.

Goodyear in Chile

Goodyear Tire and Rubber says its newly formed Chilean subsidiary has invested $34m. to acquire the assets and working capital of Corfo-Insa, Chile's largest tyre-maker, reports Reuter from Akron.

Steyr-Daimler-Puch

STEYR-Daimler-Puch AG boosted sales from Sch.9.94bn. in 1976 to around Sch.10.5bn. ($693m.) in 1977, reports Reuter from Vienna. The company should make further details of last year's results available early next week ahead of its planned one-for-five rights issue at [illegible] per cent.

World Bank borrowing

BY DAVID BELL

WASHINGTON, Feb. 9.

THE WORLD Bank has completed its latest $4.2bn. financing almost six months ahead of schedule, and has borrowed about 75 per cent. of its money outside the U.S., the highest proportion of non-U.S. borrowing in its history.

Releasing these figures to-day, the Bank said that the cost of this money — the loans have an average life of nine years — was surprisingly low at some 6.83 per cent., and that the Bank does not plan to return to the market until June 30.

The last U.S. bond issue, for about $750m., was made by the Bank in July 1977, which means that for almost a year the Bank will have met its financing needs by borrowing entirely outside the U.S.

Mr. Eugene Rotberg, the Bank's treasurer, said on Wednesday that this underlines the considerable liquidity in the world in general and, in particular, shows how much success the Bank has had in its own investment diversification policy.

He said that the relatively low interest rate on the money illustrated that there was still a fair amount of "pretty cheap" money around.

Marshall Field in talks on take-overs

CHICAGO, Feb. 9.

MARSHALL FIELD, the retail group, which early yesterday announced plans to expand into the south, and is the subject of a take-over bid by Carter Hawley Hale, also is considering acquisitions as a means of becoming a national concern, said Mr. Angelo R. Arena, president and chief executive officer.

Mr. Arena said Marshall Field is "involved in some conversations with others." He declined to identify any of the acquisition possibilities.

He said the company was not currently negotiating with B. Altman about acquiring the New York retailer, though the two companies have had some talks.

The company stressed that Marshall Field has been considering acquisitions for some time and that its present talks are not in response to the bid by Carter Hawley Hale.

Agencies

W. Germans in U.S. deal

BY GUY HAWTIN

FRANKFURT, Feb. 9.

KARL SCHMIDT, the West German piston manufacturer, is planning to expand in the North American market. The Neckarsulm-based concern is understood to be engaged in talks which, it is hoped, will lead to the take-over of a U.S. concern.

The West German group, a subsidiary of Metallgesellschaft, was to-day not prepared to make a statement on the negotiations.

It merely stated that it was engaged in talks "looking forward to an arrangement under which it will manufacture pistons for automotive and stationary engine applications in the U.S. in co-operation with a U.S. manufacturer."

The group said to-day that the aim was to establish a joint effort to make Karl Schmidt piston technology available to U.S. engine manufacturers and to develop, within the next few years, production capacity in the U.S. primarily for pistons for heavy duty diesel engines as well as pistons and aluminium cylinders for two-stroke, chain-saw engines.

U.S. QUARTERLIES

ACF INDS. INC.

Fourth Quarter	1977 $	1976 $
Revenue	191.5m.	154.9m.
Net profits	10.4m.	7.6m.
Net per share	1.19	0.87
Year		
Revenue	713.0m.	639.9m.
Net profits	35.9m.	34.0m.
Net per share	4.12	3.92

CUMMINS ENGINE

Fourth Quarter	1977 $	1976 $
Revenue	322.7m.	287.8m.
Net profits	12.7m.	18.3m.
Net per share	1.49	2.38
Year		
Revenue	1.26bn.	1.03bn.
Net profits	67.0m.	58.6m.
Net per share	8.22	7.66

ELI LILLY

Fourth quarter	1977 $	1976 $
Revenue	382.0m.	344.0m.
Net profits	52.0m.	46.0m.
Net per share	0.73	0.65
Year		
Revenue	1.5bn.	1.4bn.
Net profits	219.0m.	203.0m.
Net per share	3.10	2.87

EMHART

Fourth Quarter	1977 $	1976 $
Revenue	312.0m.	294.0m.
Net profits	17.0m.	15.0m.
Net per share	1.50	1.41
Year		
Revenue	1.2bn.	1.11bn.
Net profits	59.0m.	44.0m.
Net per share	5.26	4.43

GANNETT

Fourth quarter	1977 $	1976 $
Revenue	159.0m.	134.0m.
Net profits	22.0m.	19.0m.
Net per share	0.83	0.70
Year		
Revenue	558.0m.	483.0m.
Net profits	69.0m.	59.0m.
Net per share	2.60	2.22

McGRAW EDISON

Fourth Quarter	1977 $	1976 $
Revenue	257.8m.	248.0m.
Net Profits	13.36m.	13.27m.
Net Per Share	0.81	0.81
Year		
Revenue	1.04bn.	1.01bn.
Net Profits	57.29m.	56.48m.
Net Per Share	3.50	3.47

TIMES MIRROR

Fourth quarter	1977 $	1976 $
Revenue	313.0m.	263.0[illegible]
Net profits	25.5m.	20.9[illegible]
Net per share	0.74	[illegible]

U.S. GYPSUM

Fourth Quarter	1977 $	1976 $
Revenue	318.0m.	257.0[illegible]
Net profits	20.7m.	7.4[illegible]
Net per share	1.20	[illegible]
Year		
Revenue	1.18bn.	963.[illegible]
Net profits	59.8m.	36.[illegible]
Net per share	3.41	[illegible]

INTERNATIONAL FINANCIAL AND COMPANY NEWS

DIUM TERM CREDITS

Romania set to nvest in U.S.

Y FRANCIS GHILES

UNUSUAL loan has just obtained by the Romanian ign Trade Bank from a p of banks led by First ago. It will help finance tment in a coal mine in nia, which is operated by d Creek Coal, a subsidiary ccidental Petroleum, and it lieved to be the first ever tment by Romania in the

der the contract agreed een the Romanian state any, Mineralimportexport, Occidental Petroleum, the named has agreed to buy, the long term, up to 27.3m. of coal, which could be up to $2bn.

e coal will be sold by the company at market prices used by Romania for its nding steel industry.

turity of the loan is five and the spread over the bank rate, which is not dis d, is believed to be 1 per

Western Europe, Union sivos Rio Tinto SA, one of 's largest private com is raising a seven-year loan which carries a d of 1¼ per cent. through These terms are in line those for other recent um term loans to private ish borrowers. Joint lead gers are Citicorp and Com le Financiere de la Deutsche

nish fundings

anwhile, Compagnie Finan de la Deutsche Bank is ging a $50m. seven-year for the Spanish national hone company. Terms have yet been announced.

$75m. eight-year loan for Spanish State holding com INI, is being signed today. borrower has obtained a d of ⅞-1 per cent. over the bank rate. These terms are valent to those on which Kingdom borrowed last mn. Lead manager of the nt loan is Chemical Bank.

In the second publicly syndicated medium term loan for an Indian borrower, the Industrial Credit and Investment Corporation of India (ICICI) has arranged a $20m seven-year loan offering a spread of 1 per cent. ICICI is Government-controlled and the loan carries a Government of India guarantee.

These terms are the same as *those paid by the Oil and* Natural Gas Commission of India last August. Joint lead managers for the current loan are Citicorp, Standard Chartered and Bankers Trust International.

U.S. demand

South-East Asian borrowers continue to be active, but doubt is being cast on whether an anticipated upturn in U.S. loan demand could spell the end of the trend towards narrower spreads and longer maturities in medium term loans, a trend from which a number of borrowers from this area have benefited recently.

David L. Hopkins, Jr., a senior vice-president and head of Asia-Pacific operations for Morgan Guaranty Trust, foresees a slow but steady increase for the demand for funds in the U.S., which would reverse the trend towards softer terms for Asian borowers.

A loan just signed and one due to be signed to-day bear testimony to the fine terms borrowers from this area can command. A $100m. seven-year loan to the Central Bank of the Philippines, arranged by Bankers Trust, boasts a spread of 1 per cent. over the interbank rate.

Borowers from the Philippines have already refinanced some loans contracted in 1975 and 1976, on softer terms. Further refinancing is not ruled out.

Just signed is the $400m. 10-year loan for the Mass Transit Railway Corporation of Hong Kong. The borrower is paying a spread of 1 per cent. over the interbank rate. The laws of England will apply, with jurisdiction vested in the courts of England and Hong Kong. Lead manager is Manufacturers Hanover.

BIS QUARTERLY

Venezuela behind OPEC debt surge

BY MARY CAMPBELL

A DETAILED analysis of the latest batch of international banking statistics released by the Basle-based Bank for International Settlements throws considerably more light on the switch in the flow of funds between international banks and the oil exporting countries.

In the third quarter of last year, oil exporting countries raised their deposits with the international banking system by only $400m. but increased their borrowing from the system by $2.2bn. In absolute terms, their deposits with banks remain more than twice as large as their borrowings (at $72bn.) and this development mainly reflected a tendency to place a smaller proportion of surplus revenues than before in bank deposits rather than other assets.

But this was significant as being the first quarterly period since the 1973 oil price rises when oil exporters had borrowed more than they had deposited.

Detailed analysis shows that by far the most important factor in the change-round was a substantial draw down of international bank deposits by Venezuela, combined with a marked increase in borrowing: in fact Venezuela cut its deposits by $846m. to $8.1bn. and increased its borrowing by $646m., thus accounting for a net charge of $1.5bn.

Among the Middle Eastern oil exporting countries, the so-called "low absorbers" (Kuwait, Qatar, Saudi Arabia and the United Arab Emirates) cut their deposits by a derisory $53m. to $31.3bn., while raising their borrowing by $176m. to $3.1bn. The Middle Eastern "high absorbers" (Bahrain, Iran, Iraq, Libya and Oman) raised their deposits by $1.2bn. to $16.4bn. while increasing their borrowing by $705m. to $9.2bn.

The trend in Indonesia was also increasing net deposits with banks.

The detailed figures give no indication of the currency denomination of flows.

More generally, the most important points about the direction of the flows of funds in the third quarter were as follows:

- Britain and Italy, which had been large borrowers from international banks in the first half of 1977, started to repay in the third quarter.
- There were large-scale flows of funds to banks in the U.S., but flows were substantially affected by the fact that the quarter ended on a Friday when banks in the U.S. borrow for the week-end.
- The non-oil less developed countries borrowed at a considerably faster rate than in the first half of the year—they increased their borrowing by *$3.1bn. compared with an aggregate* $2.5bn. between January and June. However, they also continued to deposit more with banks than they raised—$3.4bn. in the third quarter—thus remaining a net source of funds to the banking system.
- The developed countries outside the Group of Ten remained large-scale borrowers — banks' claims on these countries rose by $4.2bn. They increased their deposits at a faster rate than earlier in the year, by $3.7bn., however, so that these countries' net recourse to the international banking system fell off sharply.

These last general figures disguise substantial variations from one country to another. Thus Australia raised its net borrowing by $400m. to $2.1bn., Sweden by $600m. to $4.6bn., and Denmark by $600m. to $4.7bn. But Spain, for example, which had been a large-scale borrower earlier, cut its net debt to banks in the third quarter.

The rate of growth of the international financial markets as a whole remained at about the same level in the third quarter as in the first half of the year—slightly slower than in the second quarter but slightly faster than in the first. This overall steadiness, however, is one only of the market exclusive of inter-bank transactions which fell back. This development is attributable in part at least to the Japanese banks' continuing to shift business out of Japan since reserve requirements on their short term foreign currency business were imposed there.

Poor growth rate at Alcan Australia

BY LAURENCE STEPHENS

SYDNEY, Feb. 9.

ALCAN AUSTRALIA finished a poor third in terms of growth during 1977 to its bigger Australian aluminium rivals, Comalco and Alcoa of Australia, which both reported boom profits as a result of buoyant world demand.

Alcan posted a record, nevertheless. At $A6.4m. (U.S.$7.3m.), profits were 15.5 per cent. ahead of the previous year, but this was achieved only after a heavy cost cutting programme. The result was mediocre compared with a 63 per cent. increase in the first half from the depressed level of the first six *months* of 1976.

It compares with Comalco's achievement of a record $A44m. profit for 1977, 64 per cent. more than 1976 earnings, and a 53 per cent. jump to $A65.2m. for Alcoa of Australia.

Alcan did not share its rivals' opinion that trading conditions during the year were favourable. The directors said: "The markets for our products have been uncertain and variable for the year under review, with most segments showing relative stagnation and some segments showing a decline from the activity level of the previous year.

"In such an environment, and with the highly competitive activity in our industry, trading conditions were generally difficult."

They added that the profit increase resulted from containment of costs in all operating areas, and an improvement in sales of 8.5 per cent. to $A93.2m. (US$106.3m.).

Noting that the improvement, although smaller than might have been expected, would enable the company to continue its policy of progressive dividend increases, the directors declared a higher final payment of 4 cents a share. With the increased interim of 3 cents a share, the full distribution for the year is 1 cent higher.

The payout will be shared by the company's Canadian parent, which has a 70 per cent. stake in Alcan, and by 25 Australian institutions which hold the balance of the capital.

The dividend outlay is 18 per cent. higher than the previous year at $A1.99m., since it will be paid on higher capital, after a one-for-four rights issue in May at par of $A1.

An extraordinary provision for taxes not paid in prior years of $A289,000 was partly offset by a $A132,000 capital gain on the sale of land and buildings. The tax bill for the latest year fell from $A4.28m. to $A4.08m., while depreciation took $A3.68m., *against $A3.58m. previously.*

The directors said the outlook for the current year was for somewhat improved trading conditions with modest growth in Alcan's more important markets.

DOMESTIC BONDS

Market firm as Germany raises DM1bn.

FINANCIAL TIMES REPORTER

THE GERMAN bond market continued firm yesterday, in good trading, to show gains of ¼ to ½ point, as the Bundesbank announced the terms on the latest Federal Government funding, broadly along lines expected in the market. The Government is raising DM1bn. in two tranches, one of DM600m. 5¾ per cent. eight-year bonds, and one of DM400m. 6 per cent. 15-year bonds, priced in each case at 99.75.

The bonds were quickly being bid at 100 in the market.

The issues maintain the flow of State bond issues on a pattern of one every two to three weeks. The yield to redemption on the shorter bonds is 5.84 per cent., and on the longer 6.03. This compares with the yields of 5.5 per cent. and 6.03 per cent., respectively, on six- and 10-year Government bonds issued around the turn of the year.

The new issues will be on sale between February 14 and February 16. In addition to the DM1bn. placed with the issuing consortium, a further DM200m. of the short-term bonds and DM100m. of the longer will be held by the Bundesbank for the purpose of regulating the market.

In the German market, further State borrowing is expected in the near future, against competition from other borrowers.

* * *

SWITZERLAND'S big banks are to cut their mortgage rates by between 0.25 per cent. and 0.5 per cent., according to region, in accordance with the continued fall in interest levels, John Wicks writes from Zurich.

The lower rates will be granted for new mortgages with immediate effect and existing mortgages will benefit from the cuts in most cases as of July 1 of this year. Mortgages, most of which are granted by the cantonal banks, are currently running at around 5 per cent. for first grants.

The cheapening of mortgages will, according to the five leading commercial banks, necessitate further decreases in savings interest and other passive rates. A decision on new interest cuts is to be made soon.

* * *

THE SWISS regional power company Electricite d'Emosson S.A., of Martigny, is from February 14 to 20 to offer a Sw.Frs.30m. bond issue on the domestic capital market (writes John Wicks). The 15-year issue, which has a coupon of 3¾ per cent., is intended for the repayment and conversion of a 5¼ per cent. bond float of the same sum maturing in 1983 and prematurely redeemed as of March 1, 1978. A banking consortium led by Credit Suisse will offer the bonds at 101 per cent., against those from the former issue.

* * *

NATIONALE Investeringsbank (NIB), which provides funds and guarantees to industry on its own account and for the state, *plans a 10-year Fls.100m. issue* at 7¼ per cent. at a price to be announced on February 13, Charles Batchelor writes from Amsterdam.

Subscriptions are open on February 17. Redemption is in 10 almost equal annual instalments beginning on March 15, 1979. The NIB issue confirms the move to a 7¼ per cent. coupon set by the last Fls.525m. 15-year state issue. The state loan, which was offered by tender, was priced at 100.4 per cent.

The NIB loan is being managed by a consortium led jointly by Algemene Bank Nederland and Amsterdam-Rotterdam Bank.

* * *

SOCIETE FINANCIERE Sofal, a construction financing group partly held by Banque de l'Union Europeenne, is to raise Frs100m. *i nthe domestic bond market next* week, according to market sources, Reuter reports from Paris.

At the moment, an 11.3 per cent. coupon with discount pricing is expected, but the exact yield has not been decided. Redemption will be in equal annual drawings over the bond's 12-year life.

Alia's profit up four-fold

BY RAMI G. KHOURI

AMMAN, Feb. 9.

THE STATE-OWNED Jordanian airline Alia recorded a net profit of $600,000 last year, Mr. Ali Ghandour, chairman and president, announced here yesterday. This represents a four-fold increase over 1976 profits of *$150,000.*

Mr. Ghandour, reviewing Alia's future plans, said the airline hopes to negotiate new air transport agreements this year with Japan, the Philippines, the Ivory Coast, Australia, Canada, Argentina, India, and Indonesia, with new routes to some of those points starting up this year as well.

Previously, Mr. Ghandour had said that Alia will increase its capacity by 30 per cent. during the coming five years, and will need to spend some $300m. on aircraft purchases. Commercial borrowing internationally will *account for 70 per cent. of the* financing arrangements for these purchases.

Alia's requirements include four more Boeing 727 jets, five planes to replace the Boeing 707 fleet, which will be phased out and turned over to Alia's all-cargo subsidiary, Jordan World Airways, and three Boeing 747 jumbo jets for long-haul routes.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	96¼	97¼
AMEV 8pc 1987	96½	97½
Australia 8½pc 1992	95¼	96
Australian M. & S. 9½pc '92	98	98½
Barclays Bank 8½pc 1992	97	97½
Bowater 9½pc 1992	97½	98
Canadian N. Rlwy. 8½pc '86	96½	97½
Credit National 8½pc 1986	97½	98½
Denmark 8½pc 1984	99½	100½
ECS 9pc 1993	98¼	99
ECS 8½pc 1997	96½	97½
EIB 8½pc 1992	98½	99
EMI 9½pc 1989	98	98½
Ericsson 8½pc 1989	96½	97
Esso 8pc 1986 Nov.	100¼	101¼
Gt. Lakes Paper 8½pc '84	99½	100
Hamersley 9½pc 1992	100¼	101¼
Hydro-Quebec 9pc 1992	95½	96½
ICI 8½pc 1987	96¼	97½
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	96½	97½
Massey Ferguson 9½pc 1991	102½	103
Michelin 9½pc 1988	101¼	102
Midland Int. Fin. 8½pc '92	97	97½
Natl. Coal Board 8pc 1987	94½	95
Natl. Westminster 9pc 1986	101½	102½
Newfoundland 9pc 1989	99½	100½
Norges Komm. Bk. 8½pc '92	95½	96½
Norpipe 8½pc 1989	95½	96½
Norsk Hydro 8½pc 1992	95½	96½
Oslo 9pc 1988	100½	101
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1993	95½	96½
Prov. Saskatchwn. 8½pc '86	99½	100½
Reed International 9pc '87	94	94½
RHM 9pc 1992	94½	95
Selection Trust 8½pc 1989	91½	92
Skand. Enskilda 9pc 1991	98½	99½
SKF 8pc 1987	92½	93½
Sweden (Kingdom) 8½pc '87	95½	96½
United Biscuits 9pc 1989	98½	99½

NOTES	Bid	Offer
Australia 7½pc 1984	95	95½
Bell Canada 7½pc 1987	94	94½
Br. Columbia Hydro 7½pc '85	93½	94½
Canadian Pacific 8½pc 1984	99	99½
Dow Chemical 8pc 1986	98	98½
ECS 7½pc 1982	94	94½
ECS 8½pc 1989	96½	97
EEC 7½pc 1982	96½	97½
EEC 7½pc 1984	96½	97
Enso Gutzeit 8½pc 1984	96½	97½
Gotaverken 7½pc 1982	97½	98½
Kockums 8pc 1983	97½	98½
Michelin 8½pc 1983	99½	100½
Montreal Urban 8½pc 1981	100½	101
New Brunswick 8pc 1984	97	97½
Nw. Brunswick Pv. 8½pc '83	101½	102
New Zealand 8½pc 1986	97½	98½
Nordic Invest. Bk. 7½pc '84	95½	96
Norsk Hydro 7½pc 1982	97	97½
Norway 7½pc 1982	96½	97
Ontario Hydro 8pc 1987	95	95½
Singer 8½pc 1982	100½	101
S. of Scot. Elec. 8½pc 1981	99½	100½
Sweden (Kingdom) 7½pc '82	97	97½
Swedish State Co. 7½pc '82	96½	97½
Telmex 9½pc 1984	95½	96
Tenneco 7½pc 1987 May	92½	93½
Volkswagen 7½pc 1987	93½	94½

STERLING BONDS	Bid	Offer
Courtaulds 8½pc 1989	88	90½
ECS 9½pc 1989	91½	92½
EIB 9½pc 1988	99½	100
EIB 9½pc 1992	97½	98½
Fin. for Industry 9½pc '87	94½	95½
Fisons 10½pc 1987	100½	101
INA 10pc 1988	98½	99
Rowntree 10½pc 1988	98½	99
Sears 10½pc 1988	98½	99½
Total Oil 9½pc 1984	97½	98½

DM BONDS	Bid	Offer
Austria 6½pc 1985	106½	107½
BFCE 7pc 1987	104½	105
Denmark 6½pc 1983	104	105½
EIB 6½pc 1984	106½	107½
Grand Met. 7pc 1984	102½	103
Hydro-Quebec 6½pc 1987	102	103½
ICI 6½pc 1987	105½	106
Montreal 7pc 1987	102	103½
Norsea Gas 7pc 1989	107½	108½
Norsk Hydro 6½pc 1989	104½	105½
Norway 5½pc 1982	104	104½
Shell 6½pc 1989	108	108½
Spain 6½pc 1984	102	102½
Sweden 6½pc 1984	105	105½
World Bank 6½pc 1987	103½	104½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 7 11/16pc	99	99½
BFCE 1984 7pc	98½	99
BNP 1983 7pc	99½	100½
CCF 1983 8pc	99½	99¾
CGMF 1984 7½pc	98½	99½
Creditanstalt 1984 7½pc	98½	99½
Credit Lyonnais 1982 8pc	99½	99¾
DG Bank 1982 7 15/16pc	99½	100½
GZB 1981 7½pc	100½	100¾
Intl. Westmnstr. '84 7 15/16pc	99½	100
Lloyds 1983 7½pc	100	100½
LTCB 1985	99½	99¾
Midland 1982 8pc	101½	101¾
Midland 1987 7 11/16pc	98½	99½
OKB 1981 7½pc	99½	100
SNCF 1985 8½pc	98½	99½
Stnd. & Chrtrd. '84 7 11/16pc	99½	99¾
Wms. and Glyns 1984 7pc	99½	100½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	80½	82½
Ashland 5pc 1988	89	91
Babcock & Wilcox 6½pc '97	94½	95½
Beatrice Foods 4½pc 1992	94	96
Beatrice Foods 4½pc 1992	102	104
Beecham 6½pc 1992	98	99
Borden 5pc 1992	100	102
Broadway Hale 4½pc 1987	75½	77½
Carnation 4pc 1987	78	80
Chevron 5pc 1988	121	122
Dart 4½pc 1987	79	81
Eastman Kodak 4½pc 1988	82½	84½
Economic Labs 4½pc 1987	78	80
Firestone 5pc 1988	80	82
Ford 5pc 1988	82½	84½
General Electric 4½pc 1987	81½	83½
Gillette 4½pc 1987	77	79
Gould 5pc 1987	113½	115½
Gulf and Western 5pc 1988	78½	80½
Harris 5pc 1992	136	138
Honeywell 6pc 1986	[illegible]	86½
ICI 6½pc 1992	96	97
INA 6pc 1997	92	94½
Inchcape 6½pc 1992	102	104
ITT 4½pc 1987	76	78
Jusco 6pc 1992	105½	106½
Komatsu 7½pc 1990	105½	108½
J. Ray McDermott 4¾pc '87	154½	156½
Matsushita 6½pc 1990	124½	127½
Mitsui 7½pc 1990	106½	107½
J. P. Morgan 4½pc 1987	95	97
Nabisco 5½pc 1988	100½	102½
Owens Illinois 4½pc 1987	116	118
J. C. Penney 4½pc 1987	75½	77½
Revlon 4½pc 1987	107	109
Reynolds Metals 5pc 1988	83½	85½
Sandvik 6½pc 1988	103	105
Sperry Rand 4½pc 1987	82½	84½
Squibb 4½pc 1987	78	80
Texaco 4½pc 1988	77½	79½
Toshiba 6½pc 1992	101½	103½
Union Carbide 4½pc 1982	91	93
Warner Lambert 4½pc 1987	80	82
Warner Lambert 4½pc 1988	74½	76½
Xerox 5pc 1988	78	80

Source: Kidder, Peabody Securities.

NOTICE OF REDEMPTION OF ALL

UNEXCELLED INTERNATIONAL, N.V.

7% Guaranteed Debentures Due March 1, 1979

10% Guaranteed Debentures Due June 30, 1979

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture, dated as of March 1, 1969 among Unexcelled International, N.V. (the "Company"), Unexcelled, Inc. (now Twin Fair, Inc.), as Guarantor, and The Chase Manhattan Bank (National Association), as Trustee (the "Trustee"), that the Company will redeem all the 7% Guaranteed Debentures Due March 1, 1979 (the "7% Debentures") on March 1, 1978 (the "Redemption Date") at 100% of the principal amount thereof (the "Redemption Price") together with interest accrued thereon to the Redemption Date.

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture, dated as of January 1, 1971 among Unexcelled International, N.V., Unexcelled, Inc. (now Twin Fair, Inc.), as Guarantor, and The Chase Manhattan Bank (National Association), as Trustee, that the Company has exercised its option to and will redeem all the 10% Guaranteed Debentures Due June 30, 1979 (the "10% Debentures") on March 1, 1978 (the "Redemption Date") at 100% of the principal amount thereof (the "Redemption Price") together with interest accrued thereon to the Redemption Date.

On March 1, 1978, all the 7% Debentures and all the 10% Debentures will become due and payable at the respective principal amounts thereof together with accrued interest to that date. Interest on all of the 7% and 10% Debentures will cease to accrue on and after the Redemption Date.

Payment of the Redemption Price, together with accrued interest to the Redemption Date, will be made upon presentation and surrender of the 7% and 10% Debentures, with all coupons maturing after the Redemption Date appertaining thereto, at any of the following paying agents:

The Chase Manhattan Bank (National Association)
Corporate Bond Redemptions
1 New York Plaza, 14th floor
New York, New York 10015

The Chase Manhattan Bank (National Association)
P.O. Box 440
Woolgate House, Coleman St.
London EC2P 2HD, England

Pierson, Heldring & Pierson
P.O. Box 243
Amsterdam, Netherlands

Kredietbank, S.A. Luxembourgeoise
37 rue Notre-Dame
Luxembourg, Luxembourg

In accordance with the provisions of the Indenture dated as of March 1, 1969, any 7% Debenture may, at the option of the holder, be credited against the purchase price of the Common Stock of Twin Fair, Inc. (the "Common Stock") upon the exercise of Warrants at any time up to the close of business on March 1, 1978. The current purchase price of the Common Stock upon the exercise of Warrants is $27.45. So long as the market price of the Common Stock is not greater than $27.45 per share, 7% Debentureholders upon the exercise of Warrants will receive Common Stock having a lower market value than the cash which they would receive upon redemption.

The Common Stock is traded on the American Stock Exchange and the closing prices of the Common Stock on such Exchange for the period of December 1, 1977 through January 19, 1978 ranged from a high of $4 per share to a low of $3.275 per share.

Until the close of business on March 1, 1978, 7% Debentureholders have the right to credit their 7% Debentures against the purchase price of the Common Stock upon the exercise of Warrants by presentation and surrender of the 7% Debentures and a Warrant Certificate at the office of The Chase Manhattan Bank (National Association) or any of the other paying agents whose addresses are set forth above.

UNEXCELLED INTERNATIONAL, N.V.
By: The Chase Manhattan Bank (National Association), *Trustee.*

Dated: January 27, 1978.

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GREENWICH, S.E.10.—New single storey warehouse factory with offices 13,000 sq. ft. approx. to let. Immediate possession. Apply: D. E. & J. Levy, Esta House, 130 Jermyn Street, London SW1Y 4UL. Phone 01-930 1070.

FARRINGDON ROAD, E.C.1. New Warehouse/Light Industrial/Office Floor Units from 5,630 to 11,675 sq. ft. approx. to be let. For full details apply D. E. & J. Levy. 01-930 1070.

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NW3
Fletcher King & Megran
10-12 Cork Street London W1 01-734 [illegible]

CHEAPSIDE, EC2. 920 sq. ft. offices on one floor. Gd. nat. light, 24-hr. access. Rent £8,200 per sq. ft. p.a. Apply Vigers: 01-606 7601.

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TO LET OR TO SELL—Swiss Cottage, up to 3,800 sq. ft. self-contained eminently suitable for offices. C. J. Stewart & Co. Ltd., 01-486 8251.

CONTRACTS AND TENDERS

SERVICE DES DOMAINES

SALE BY TENDER

on 28th February 1978, at 3 p.m. Direction des Services Fiscaux du Var, B.P. 373, 16, rue Chalucet, 83054—TOULON CEDEX—FRANCE.

In one lot

17,689 ELEMENTS FOR SECONDARY BATTERIES AND SILVER-ZINC BATTERIES USE

originating from: Direction des Constructions et Armes Navales de TOULON

and stored in the Arsenal of the National Navy of TOULON representing an approximate weight of recoverable silver of 8,235.85 kg.

Offers should be made in sealed envelopes to the above mentioned Direction, at the latest at 5 p.m. the day before the sale. Further information can be obtained from the above-mentioned "Direction" (Telex 22.47.34).

CONTRACTS AND TENDERS

TANZANIA RAILWAYS CORPORATION

TENDERS INVITATION

Tenders will shortly be called for the execution of mechanical and electrical works of a new diesel locomotive heavy repair workshop being constructed at Morogoro in Tanzania. The works comprise the supply and installation of the following:—

1. Machinery and equipment.
2. Electrical installations.
3. Electrical overhead travelling cranes of Canadian manufacture.
4. Ventilation.
5. Steam services.
6. Compressed air services.

Interested contractors with competence in these fields should apply to Messrs. H. P. Gauff, consulting engineers, P.O. Box 4351, Dar es Salaam, Tanzania, for tender documents. Application should be accompanied by full particulars of their experience of similar works and details of their financial standing. The short list of firms invited to tender will be established from this information.

Tender documents will be issued on payment of T.Shs.1,400/- per set and payment should be made by cheque or equivalent in favour of the General Manager, Tanzania Railways Corporation. Payment will not be refunded to pre-qualified tenderers. Applications for tenders should be received not later than 20th March, 1978, and tender documents will be sent during April/May 1978.

The project is financed by the Government of Canada and the successful contractors will be assigned by Tanzania Railways Corporation as sub-contractors to the main contractor CICOL (Companhia de Investimentos e Construcoes Ltda) of Brazil. The Corporation reserves the right to reject any or all tenders received.

General Manager,
TANZANIA RAILWAYS CORPORATION.

COMPANY NOTICES

KJØBENHAVNS HANDELSBANK (COPENHAGEN HANDELSBANK)

A meeting of the Shareholders' Council of Copenhagen Handelsbank will be held on 15th February 1978 to lay down the Agenda for the Ordinary General Meeting, which is to be held in Copenhagen on 8th March 1978.

The Agenda and information concerning Forms of Proxy, voting tickets and admission cards, together with final confirmation of the date of the Ordinary General Meeting will be published immediately after the meeting on 15th February 1978.

COMPANY NOTICES

GAZ de FRANCE

National Service
Public Corporation of the French State (law on nationalization of Electricity and Gas of April 8, 1946)
Registered Office:
23, rue Philibert Delorme
PARIS (17eme)

9% BONDS 1970-1985 IN DENOMINATIONS OF $1,000

NUMERICAL LIST

1) of the series including with the previous purchases, the 1 330 bonds drawn by lot on January 25 1978 (eighth drawing) making up the entire $1 330 000 nominal amount to be redeemed on March 15, 1978
690 to 2 015

2) of the series previously drawn by lot among which are bonds not yet presented for the repayment.
Drawing of January 22, 1971
Reimbursement March 15, 1971
13 818 to 15 147
Drawing of January 23, 1973
Reimbursement March 15, 1973
11 612 to 12 941
Drawing of January 23, 1974
Reimbursement March 15, 1974
2 717 to 4 046
Drawing of January 27, 1976
Reimbursement March 15, 1976
1 to 6889
10 359 to 20 000
Drawing of January 26, 1977
Reimbursement March 15, 1977
9 406 to 10 765

These bonds will be redeemed at $1 000 at the office of the CHASE MANHATTAN BANK in NEW YORK and the offices of the following banks
BANQUE NATIONALE DE PARIS, PARIS—CREDIT LYONNAIS, PARIS—SOCIETE GENERALE PARIS—BANQUE DE PARIS ET DES PAYS-BAS, PARIS—CREDIT COMMERCIAL DE FRANCE, PARIS—COMMERZ-BANK A.G. DUSSELDORF—DEUTSCHE BANK A.G. FRANKFORT-sur-le-MAIN—DRESDNER BANK A.G. FRANCFORT-sur-le-Main—BANQUE BRUXELLES LAMBERT BRUXELLES—KREDIETBANK N.V. BRUXELLES—SOCIETE GENERALE DE BANQUE S.A. BRUXELLES—BANCA COMMERCIALE ITALIANA MILAN—BANCA NAZIONALE DEL LAVORO, ROME—KREDIETBANK S.A. LUXEMBOURGEOISE LUXEMBOURG—CREDIT LYONNAIS Agence de Luxembourg LUXEMBOURG—BANQUE GENERALE DU LUXEMBOURG S.A. LUXEMBOURG — SOCIETE GENERALE ALSACIENNE DE BANQUE LUXEMBOURG—ALGEMENE BANK NEDERLAND N.V. AMSTERDAM—AMSTERDAM ROTTERDAM BANK N.V. AMSTERDAM—BARCLAYS BANK Ltd. LONDRES

REDPATH INDUSTRIES LIMITED

US$25,000,000
9% DEBENTURES DUE 1989

Copies of the Annual Report and Accounts of the above Company for year ended September 30, 1977 are available free of charge to holders of the above security, during normal business hours, from W. Greenwell and Co., Bow Bells House Bread Street, London EC4M 9EL.

EXHIBITIONS

ON COIN FAIR, Cumberland Hotel, Marble Arch W.1 Sat. 11th February 50 Worldwide dealers. Admission 25p.

PERSONAL

DIAMOND INVESTMENT Seminars (free). For details contact 01-405 8045. Diamond Selection Limited, 57a, Hatton Garden, London EC1.

LEGAL NOTICES

No. 00117 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of M. AND W. HEATING AND VENTILATING ENGINEERS LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 1st day of February 1978 presented to the said Court by HARRIS & BAILEY LIMITED whose Registered Office is situate at 2-14 Hastings Road, Croydon, Surrey, Builders Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 6th day of March 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3, Hind Court,
Fleet Street,
London, E.C.4.
Ref: F/TTH. Tel: 01-583 5511.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of March 1978.

IN THE MATTER OF THE COMPANIES ACT, 1948
— and —
C. AND D. GRAIN STORAGE (MIDLANDS) LIMITED
(In Members Voluntary Liquidation)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 28th February 1978, to send their names and addresses, with particulars of their debts or claims, and the names and addresses of their Solicitors (if any) to the undersigned Richard Eaglesfield Floyd of 23 Clifford's Inn, Fetter Lane EC4 in the City of London the Liquidator of the said Company and if so required by notice in writing by the said Liquidator, are, by their Solicitors or personally, to come in and prove the said debts or claims at such time and place as shall be specified in such notice or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated 1st February 1978

R. E. FLOYD,
Liquidator.

NOTE.—This notice is purely formal and all known Creditors have been, or will be paid in full.

No. 00242 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of G. & R. GILBERT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 23rd day of January 1978, presented to the said Court by MULCO (ENGINEERING) LIMITED whose registered office is situate at 10 St. Machar Road, Aberdeen, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 27th day of February 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

FIELD FISHER & MARTINEAU,
Lincoln House
296/302 High Holborn,
London WC1V 7JL.
Ref: RHH/SMP. Tel: 01-242 1238.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 24th day of February 1978.

THE COMPANIES ACTS 1948 to 1976
NOTICE TO CREDITORS
G. R. DAWES HOLDINGS LIMITED
(In Members' Voluntary Winding Up)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the twenty-seventh day of February 1978, to send their names and addresses with particulars of their debts or claims, to the undersigned Edward Raymond Jeynes of Price Waterhouse and Co., 169 Edmund Street, Birmingham B3 2JB, the Liquidator of the Company; and if so required by notice in writing from the said Liquidator either personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice and in default thereof, they will be excluded from the benefit of any distribution made before such debts are proven.

Dated this first day of February 1978.

E. R. JEYNES
Liquidator.

NOTE: This notice is purely formal. All known creditors have been or will be paid in full.

No. 00413 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MODERN GARMENT TRANSPORTERS LIMITED and in the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 7th day of February 1978 presented to the said Court by SHELL U.K. LIMITED whose registered office is at Shell-Mex House, Strand, London, W.C.2, Petroleum Distributors, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 13th day of March 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BEACHCROFT, HYMAN ISAACS,
1, Chancery Lane,
London WC2A 1SU.
Ref: CAT.
Tel: 01-242 1011, Ext. 229.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 10th day of March 1978.

No. 00355 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of GREENFORD UNIFINDER & CO. LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 2nd day of February 1978, presented to the said Court by SANDELL PERKINS LIMITED whose Registered Office is situate at Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 6th day of March 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3, Hind Court,
Fleet Street,
London, E.C.4.
Ref. F/TTH. Tel: 01-583 5511.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm or his or their solicitor (if any) and must be served, or, if posted must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of March 1978.

ART GALLERIES

CITY OF LONDON ART EXHIBITION. Guildhall, E.C.2. Mon.-Sat. 10-5. Until 22 Feb. Adm. Free.

WATERCOLOURS ON THE MALL. Royal Institute's 166th Ann Exhbn Mall Art Galleries, The Mall, S.W.1. Daily inc. Sundays 10-5. Until 2 March Adm. 20p

GALERIE AZIZA, 7 Church Road Wimbledon Village, S W 19 Telephone 946 4727. THE 19th CENTURY an exhibition of important Victorian paintings Daily 10-6, closed Mondays and Tuesdays.

COLNAGHI'S, 14, Old Bond St., W.1. 491 7408. A Loan Exhibition of Works by SEBASTIANO RICCI in Britain, in aid of the UDINE ART RESTORATION FUND. Until 8 March Mon.-Fri. 9.30-6, Sats. 10-1.

THACKERAY GALLERY, 18 Thackeray Street, Kensington Sq., W.8. 01-937 5883. SUSAN HAWKER until 24th Feb.

ART FOR INVESTMENT: "FOUR YOUNG REALISTS" at the RADLETT GALLERY. 141 Watling St., Radlett Herts. Tue.-Sat., 10-5. closes 25th February. Sixty acrylics, oils and watercolours from £35-£300

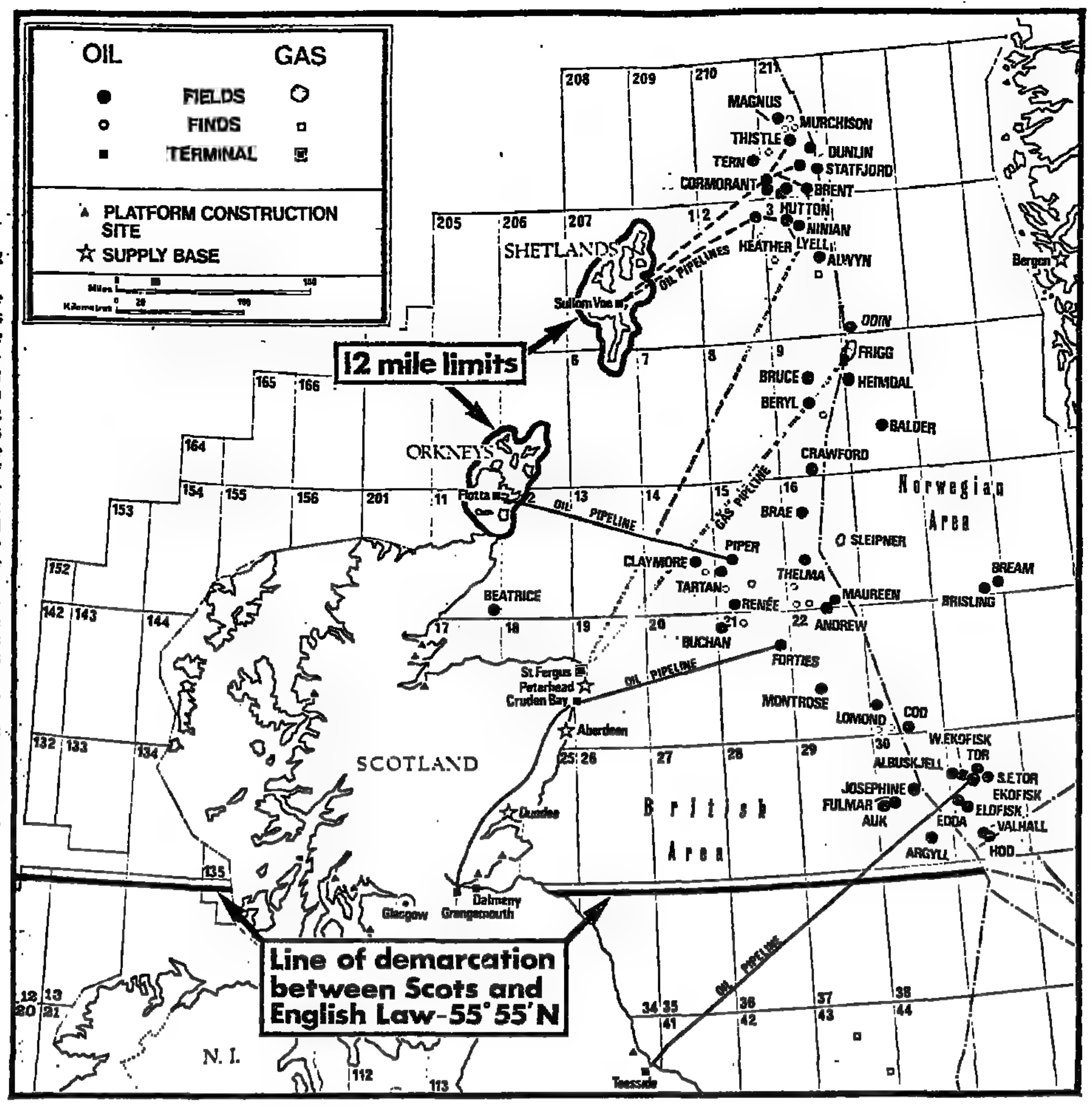
MALL ART GALLERIES, The Mall S.W.1. PAINTINGS BY SHEILA NOBLE. 10-5. Sats. 10-1. Until Feb. 18.

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. 105th ANNUAL WATERCOLOUR EXHIBITION until 24 Feb. Mon.-Fri. 9 30-5 30 Thurs until 7

FOX GALLERIES. Exhibition of fine paintings by British and European Artists from 1700-1965 5-6, Cork Street, London, W.1. Tel. 01-734 2626. Weekdays 10-6. Sat. 10-1.

BY RAY PERMAN

Who would own what if Britain split up



N SIX WEEKS or so, the rate-payers of Shetland will be asked y the island's council to vote n the political future of their ommunity. Later this year, pro-vided no more disasters befall he Government's devolution ill, they will be asked to vote gain on the same subject, but s electors taking part in the cottish referendum. And if the cottish Council of the Labour arty and the Scottish National arty get their way, that second ote will cover not only devolu-on but independence for cotland as well.

These two political events are early very closely connected to l and the development of the orth Sea. It was Shetland's y location in the exploitation the fields, off the islands' east ast, that gave the islanders ufficient political muscle to rce an amendment to the evolution Bill against the overnment's wishes, and gain e attention of national news-apers and television. Oil, too, the reason the islands' council *so concerned about the future*: fears some interference with e special powers and revenues at it gained and is anxious to otect them.

Independence

Oil is in no small part res-ponsible for the rise in Scottish olitical feeling over the past e years, and the considerable pport that the Scottish ational Party now enjoys, so the debates that are still to me on the position of Shet-nd in Scotland, and of Scot-nd in the U.K., oil will figure rongly. It is timely, then, to nsider what would happen if otland voted for independence a referendum, or returned a g-enough group of nationalist Ps to Westminster to force e Prime Minister to begin gotiations on the treaty of paration. Who would own the l?

It is a question that has been ked before. A year ago, Shet-nd was flexing its muscles over e previous ill-fated attempt at volution. Then, a number of politicians seized on the pros-pect of the Shetlanders opting to stay with the U.K. to claim that in such an eventuality many *of the most profitable oilfields* would not fall to Scotland at all, but would remain British.

Their argument was bolstered by a book, *Independence and Devolution: the Legal Implica-tions for Scotland*, in which Mr. John P. Grant, a lecturer in Public International Law at Glasgow University, gave the claim some substance.

He stated: "It has been pre-dicted that, should Scotland attain independence, Orkney and Shetland, or Shetland alone, would settle for no less them-selves or would choose to remain with Westminster. Should either of these happen, a delimitation line using the customary rules of international law would have to be drawn in the North Sea and the Atlantic Ocean.

"It is a safe prediction that this boundary would have to be drawn in such a way as to exclude from the Scottish sector the Thistle, Dunlin, Cormorant, Brent, Brae, Ninian and Alwyn fields, all of which lie to the east of Shetland.

"If Scotland were forced to go it alone, there being as yet no proven commercial fields in the Atlantic, the rejuvenation of the Scottish economy would depend on a mere five fields, Piper, Maureen, Forties, Montrose and Lomond."

It was a highly speculative chapter, but then as the inter-national courts which have the job of applying the "customary rules of international law" had not had much experience of deal-ing with such situations, and as independence for Scotland (not to mention independence for Shetland) was a fairly remote proposition, the author could afford to be hypothetical.

Since then, a little more evidence has emerged, namely the decision of the arbitrators of the *13-year-old dispute* be-tween Britain and France over the Western approaches to the Channel and in particular what weight the Channel and the Scilly Isles should be given when drawing median lines.

But before considering that judgment, it is worth examin-ing what would be claimed by the Scottish Nationalists and what actually are the inter-national procedures for settling such claims.

The SNP maintains that waters north of the parallel 55 degrees 55 minutes north—extending due east from a point a little to the north of Berwick on Tweed—are Scottish. Such a policy would give Scotland not only all the oilfields but the largest area of North Sea con-tinental shelf of any country, some 160,000 sq. km., *compared* to Norway's 131,000 and England's 84,000.

Geological

The basis for the policy is that the parallel is the line used domestically in the Continental Shelf (Jurisdiction) Order 1968 to draw the distinction between waters which fall under the jurisdiction of Scottish courts and law, and those which are subject to English legal pro-cesses. It also happens roughly to correspond with a geological feature on the sea bed known as the Northumbrian Arch.

If it ever came to arguing for such a line before an inter-national court, it is likely that the SNP would be made to look rather foolish. To be fair to it, the party hardly argues it now with any conviction. Drawing a line due east from the border *would have as much inter-*national validity as choosing the line suggested by the English National Party, which would have given the Forties Field to England. It is a negotiating posi-tion, nothing more.

The first principle of interna-tional law in settling rival claims is that the two sides should try to come to their own arrangement amicably. This is a course which should certainly recommend itself to England and Scotland, bearing in mind how long the Channel problem took to solve and the possibi-lity that (as we shall see later) if they cannot come to an agree-ment there are some fields which could end up belonging to neither of them.

Failing a settlement, the *principle of equidistance* is applied as specified in the Geneva Convention. The prac-tical effect of this would be not a great deal different than accepting the SNP's opening bid. Depending on how this criterion was interpreted, the line would either pass south of the most southerly field, or would cut off the most southerly group, Auk, Argyll and Josephine — some of the smallest, and likely to be some of the shortest-lived fields.

It is in the north where things begin to get more interesting. *If* Shetland votes to stay with Britain, who gets the big fields in the East Shet-land basin? Mr. Grant's analysis assumed that the Shetland Islands would be considered as a State in their own right, with territorial waters on an equal footing with those of Scotland. Although this might be the case if Shetland was to vote to become completely indepen-dent, it would not be if the Shetlanders decided to stay with the U.K.

12-mile zone

The Channel decision sug-gests that in this case, if Shet-land remained in the U.K., the islands might be treated in the *same way as the Channel* Islands and allowed only a 12 mile territorial zone inside the Scottish area. This would also effectively neutralise them for the purposes of drawing any other median lines — they would not be taken into account when applying the criterion of equidistance.

As no one has yet suggested that there is oil inside the Shet-land 12-mile limit, this would *leave the islands with no owner-*ship over oil at all, although presumably they would still enjoy the benefits flowing from the Sullom Voe oil terminal. But whether this realisation will quieten those who have been claiming fields on Shetland's behalf is another question.

What then happens to the fields if Shetland does not get them? All of the developments in the East Shetland basin are close to the median line be-tween the U.K. and Norway and it would take only a small de-*viation of the line to the west* to put them into the Norwegian sector.

If the Shetlands no longer were used as reference points in charting the median line mid-way between the British and Norwegian coasts, then the line would be drawn using the most northerly point on the Scottish coast as its reference. This would swing the median line to the West, cutting off at least the most northerly fields from the Scottish or British sec-tors and putting them into the Norwegian sector. For this reason, if no other, the two countries would be well advised to reach some mutually accept-able agreement rather than re-sorting to arbitration.

Of course, this scenario is as speculative as Mr. Grant's was and there is one other lesson that should be learned from the Channel decision: In consider-ing what to do about the Scilly Isles, which Britain wanted con-sidered as an extension of the mainland in drawing the median line between British and French *sectors*, the arbitration court came down in favour of neither the U.K. proposal, nor the French, which was that the islands should be disregarded altogether.

The final decision by the arbitrators was a judgment of Solomon: They simply drew a line half-way between the British line and the French line. The moral here, then, is that really there are no "cus-tomary rules of international law," or at least not yet. The question of islands in settling *disputes over territorial claims* is still uncertain. We shall per-haps learn more if and when the dispute between Eire and Britain over the waters around Rockall comes before the inter-national courts.

APPOINTMENTS

Dugdale will replace Bigland at Guardian Royal Exchange

BY MARGARET REID

R. ERNEST BIGLAND who ll be 65 in December, is to tire as managing director of ardian Royal Exchange, one of itain's largest composite and e insurance companies, at the nual meeting in June. His ccessor will be Mr. Peter Dug-le, 49, at present general anager (overseas).

Mr. Bigland became chief ecutive of the Guardian Assur-ice in 1960 and played a key rt in that company's expansion rough a series of take-overs, lminating in the merger with yal Exchange Assurance in 68 which created the present oup.

Mr. Dugdale joined the ardian group in 1960 after its quisition of the Hong Kong-sed Union of Canton concern, th which he had worked since aving Oxford in 1949, finally as marine manager.

After 1960, he ran the uardian's subsidiary, Reliance arine, Liverpool, and then came the Guardian's—and ter the GRE's—group marine derwriter.

From 1973 to 1976, Mr. Dugdale as in Canada as president of e GRE's wholly-owned sub-diary Guardian Insurance of anada.

Mr. Bigland, was chairman of e British Insurance Association 1975-76.

He chaired the working group hich led in 1976, to the setting by a range of institutions of quity Capital for Industry, of hich he is a director.

He will become an additional puty chairman of the GRE, of hich he is now a vice-chairman, ter his retirement.

★

EAST MIDLANDS ENGINEER-G EMPLOYERS' ASSOCIATION has appointed Mr. Howard Kay an industrial relations officer. He was previously with British Gypsum.

★

Mr. Michael Hare has been appointed chief executive of S. Pearson and Son.

★

Mr. Douglas H. Brindley, former chairman of Galliford-Brindley, has been appointed chairman of GEORGE LAW.

★

Mr. T. V. Emmerson is to retire as deputy chairman of CHAM-BERLAIN GROUP and resign from all group appointments and *directorships on April 30*. Mr. A. L. Wilkes, who joined the group in 1970, has become a deputy chair-man and deputy chief executive. Mr. Leopold Brook, until recently chairman of Simon Engineering, has been appointed a director of Chamberlain.

★

Mr. Jacques Poulain has become chief executive of EUROPCAR (U.K.). Until recently he has been responsible for marketing and advertising at the headquarters of Europcar International in Paris.

★

Mr. Harry Roche has been ap-pointed to succeed Mr. L. Smith as managing director of the MANCHESTER EVENING NEWS. Mr. Roche is at present produc-tion director of the Manchester Evening News. Mr. Smith retires on April 4.

British Shipbuilders Board post

BRITISH SHIPBUILDERS has appointed a full-time managing director of industrial relations and is expected to announce shortly an industrial relations director at main Board level.

Mr. Ian Farningham, director of industrial relations at Govan Shipbuilders on the Clyde since the company was formed out of the remains of Upper Clyde Shipbuilders in 1972, will take the managing director's post.

His appointment at a level in between the main Board and the existing tier of non-Board direc-tors, the first appointment of this kind within British Ship-builders, is an indication that the corporation intends to form a large and experienced team to steer it through a period when the workforce is to be reduced.

Mr. *Farningham*, 54, was deputy industrial relations direc-tor with the National Coal Board's Yorkshire area and then head of productivity services for the Electricity Council before joining Govan in 1972. He was born in Aberdeen and holds a degree in philosophy and moral philosophy.

His new post will be based at British Shipbuilders New-castle headquarters.

Posner joins Post Office

BY JOHN LLOYD

MR. MICHAEL POSNER, former deputy chief economic adviser to the Treasury, has been appointed as a part-time member of the Post Office Board. This brings the number of "independent" members on the 19-man Board to the full complement of five.

Mr. Posner left the Treasury in 1976 after a two-year tour of duty. He is a Fellow and Direc-tor of Studies in Economics at Pembroke College, Cambridge, and a specialist in public sector economics.

Last year he produced a report on the Post Office's decision, taken in November, 1976, to reduce its ordering of certain types of telephone exchange equipment by as much as 50 per cent. His report found that, because of slow growth and spare capacity in the present system, the Post Office had no commercial alternative.

His appointment strengthens the economic expertise of the Board, at a time when spending levels, especially in the telecom-munications business, have reached unprecedentedly high figures. Sir William Barlow, the chairman, has asked for a big increase in the numbers of telephone subscribers.

The Board is composed of seven management directors, in-cluding the chairman, seven worker directors and five in-dependents, including two repre-senting consumers.

Management changes at Halifax Building

Mr. M. Macaskill, a general anager of the HALIFAX BUILD-G SOCIETY, has been made an ecutive director. Mr. M. Fearn-des, at present controller stems and services and a secre-ry has become an assistant eneral manager. Mr. E. N. Cooke as been appointed to the execu-ve as a secretary of the Society, d *retains his* title of advertis-g manager.

★

Mr. Charles Ball has been ap-inted a non-executive director PEACHEY PROPERTY COR-ORATION.

★

Mr. Frank Quaranta has been ppointed secretary of BASS HARRINGTON and will also be sponsible for public relations r the group. Mr. Richard Beer, cretary of Bass Charrington for the past three years, has joined the Board of Crest Hotels and will become its managing director on April 4 on the retirement from that position of Mr. Edgar Gerhardt, who will remain on the Board of Crest until January 1979.

★

Mr. Harold Bridges, who re-*tired as president and chief execu-*tive officer of Shell Oil Company (Houston, Texas) in 1976, has been elected to the Board of INCO LIMITED.

★

The Trustees of the NATIONAL GALLERY have appointed Mr. Allan Braham as Keeper and Deputy Director in succession to Mr. Cecil Gould, who retires from the Gallery on May 31.

★

Mr. W. H. Morris has been appointed the *divisional director* and Mr. A. P. Dunn a deputy director, in the northern division of WILLIAMS & GLYN'S BANK.

★

Dr. P. J. Palmer and Mr. R. N. Gollman have been appointed directors of SMALL BUSINESS CAPITAL FUND, the venture capital member of the Co-opera-tive Insurance Society.

★

Mr. Robert H. Hampson has been appointed managing director of CAPPER PIPE SERVICE COM-PANY, a subsidiary of the Cap-per-Neill Group. He succeeds Mr. Kenneth G. Kitching, who has been managing director since 1967. Mr. Kitching continues as a director of Capper-Neill.

★

Mr. Derek Mann has been made managing director of BAARS (WHOLESALE), the parent com-pany of the Massmart Cash and Carry Group. The appointment follows the retirement of Mr. A. Baars as chairman of the group. Mr. Jack Baars moves from man-aging director to chairman. Mr. Mann was formerly the planning and development director of Alliance Wholesale Grocers.

★

Mr. Derek Sate, a director of Ladbroke, and Mr. John Jarvis, chairman and managing director *of Ladbroke's holiday and hotel* divisions, have been appointed to the Board of LEISURE AND GENERAL HOLDINGS.

★

Mr. Don E. Zimmermann, presi-dent and chief executive officer of Capitol Records Inc., has been elected to the Board of CAPITOL INDUSTRIES-EMI, INC.

★

Mr. M. C. Devas, a director of Kleinwort Benson, has been appointed a director of FAMILY *INVESTMENT TRUST*, not Mr. Bevas, as reported yesterday.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Index reacts 5 on profit-taking

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Feb. 9.

PROFIT-TAKING brought a downward drift on Wall Street to-day in a light business, cutting short the recent rallying movement.

The Dow Jones Industrial Average, after recovering 14 points over the past two trading sessions, declined 4.85 to 777.81. The NYSE All Common Index relinquished 24 cents to $50.11, while losses outnumbered gains by 789 to 558. Trading volume contracted by 3.36m. shares to 17.94m., compared with yesterday.

The market had to contend with several adverse factors, including various forecasts by Government and private economists of a rise in interest rates this year and an increase in the rate of inflation over the next few years, and also failure by the Senate energy conference to break a stalemate over the removal of natural gas price controls.

Brokers said some investors were awaiting the Federal Reserve report on the Money Supply in the latest statement week. The report is released ordinarily at the stock market close on a Thursday, but has been postponed at least until late to-morrow by communications problems developing from the recent heavy snow storm along the North-East coast.

Oil and Natural Gas stocks reacted, with **Superior Oil** losing 6 to $268.

Texas Instruments, subject of bearish analysts' comments in a published report, fell 2½ to $67½.

Among companies reporting higher earnings, **Bell and Howell** advanced 1½ to $16 and **Metromedia** 1¾ to $29½.

Eastman Kodak shed ⅜ to $45¾—the company reported only slightly higher fourth-quarter earnings.

Aluminum of America, expecting possibly lower first-quarter shipments, declined ⅝ to $39⅝.

Southdown receded ⅜ to $22⅝—it plans to buy back 900,000 shares. In contrast, **On-Line Systems** jumped ⅞ to $21¾.

THE AMERICAN SE Market Value Index, however, ended 0.18 higher at 124.33, with gains leading declines by 287 to 240. Volume 2.33m. shares (2.65m.).

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Boeing	322,200	24⅞	−1⅛
Deere	257,300	24⅝	−⅛
Ford Motor	159,400	42⅞	+⅛
Marshall Field	176,700	20⅜	−⅜
Seaboard World Air.	16,200	7	−⅛
Amer. Tel. and Tel.	152,500	59⅞	−⅛
U.S. Steel	144,500	29	+⅛
Am. France Stahlm	142,900	7⅛	—
Bucyrus-Erie	136,900	18	−1
Texas Utilities	129,700	20⅜	−⅛

OTHER MARKETS

Canada easier

An easier tendency prevailed on Canadian Stock Markets yesterday in reasonably active trading. The Toronto Composite Index lost 1.9 to 1,012.5, while Oils and Gas shed 4.0 to 1,355.5, and Metals and Minerals 6.2 to 920.3. Golds, however, recovered 11.6 to 1,319.5, and Banks improved 0.58 more to 235.55.

PARIS—Shares tended to pick up further, aided by the quieter Foreign Exchange market and news of two opinion polls each giving a slight increase in votes to the governing majority ahead of the March elections.

Motors rose on news that car prices will be raised by an average 3 per cent. shortly. **Peugeot-Citroen** gained 5.5 to Frs.257.0.

Elsewhere, **BIC** advanced 12 to Frs.477, **CGE** 6.9 to Frs.264.8, and **Thomson Brandt** 2.9 to Frs.126.4, but **Michelin "B"** shed 6 to Frs.1,051.

Marine Wendel, which announced lower 1977 turnover, declined Frs.0.80.

BRUSSELS—Mostly higher in more lively trading.

Banques Bruxelles Lambert rose 22 to B.Frs.1,448, **Petrofina** 110 to B.Frs.4,075, and **Societe Generale** 35 to B.Frs.1,910. On the other hand, **UCB** retreated 26 to B.Frs.924 and **Pan Holding** 40 to B.Frs.2,440.

AMSTERDAM — Market continued in firm fettle.

Philips were a shade easier in otherwise harder Dutch Internationals, where **Akzo** gained Fls.1.10.

In the rest of the market, **KNSM** rose Fls.3.50, while gains of around Fls.1.00 were recorded in **Nationale Nederlanden**, **Gist Brocades** and **Robeco**. **Pakhoed**, however, shed Fls.1.00.

State Loans were steady in quiet trading.

SWITZERLAND—Bourse prices were looking a little firmer after more active trading.

Banks were steady while, among Financials, **Interfood** and **Forbo** gained ground.

Nestle Registered put on 20 to Sw.Frs.2,385 in Foods.

Domestic and Foreign Bonds were inclined to harden.

GERMANY — Stocks displayed irregular movements at the close, buying orders having tailed off after a strong start.

Demag, in firm Engineerings, moved ahead DM3, while Steels had **Mannesman** up DM0.80. Among Electricals, **Brown Boveri** put on DM2.50, but **Siemens** lost DM1.30.

Elsewhere, **Veba** advanced DM1.80 following recent petrol price rises, and **Beton und Monierbau** jumped DM24 to DM169.

Trading was lively on the Bond market following announcement of the Federal Government's DM1.3bn. Loan, and public issues were up to 45 pfennigs higher. The Regulating Authorities intervened to sell a nominal DM30m. of paper (DM26.5m.). Mark Foreign Loans were also firmer.

MILAN—Generally softer in thin trading, with operators awaiting the outcome of current political negotiations.

Anic receded 7.5 to L126, **Italsider** 3.25 to L120, and **Olivetti Privileged** 14 to L789, but **Ansonia** moved forward 35 to L980 and [illegible] 20 to L2,150.

VIENNA — Generally steady, although **Schwechater** advanced 11 points, recovering the previous day's loss. Some selling pressure emerged for **Brevellier**, which receded 3 points.

SPAIN — Wednesday's selling subsided, although there was a scattering of small losses which took the General Index 0.25 lower to 94.83. In brighter mood were **Hidrola**, up 4.50 points at 79.50, while **Astilleros Espanoles** attracted further speculative attention and added a point more at 23. **El Aguila**, a firm spot of late, reacted 3 to 66.

AUSTRALIA—Markets closed without a clear trend, but selective buying interest boosted some Industrial and Mining stocks.

Gold issues generally firmed, with **Central Norseman** rising 30 cents to $A8.30 on the results. **Consolidated Goldfields**, however, came back 13 cents more to $A2.52. Uraniums also hardened, **Pancontinental** adding 15 cents at $A10.80, but Coals were easier. Base Metal mines were mixed.

TOKYO — Late profit-taking pared initial gains to leave stocks ending on a mixed note. Volume 340m. shares (350m.).

Among Blue Chips to finish lower on balance were **Sony**, Y40 down at Y1,920, **Toyota Motor**, Y12 off at Y872, and **Honda Motor**, Y10 easier at Y565.

Electric Cable issues were higher on increased demand for cables, while some Public Works shares, including Constructions, Housings and Cements, also rose. Vehicles, Pharmaceuticals, Foods and Precision Instruments closed generally lower.

HONG KONG—Still closed for the Chinese New Year holiday.

JOHANNESBURG—Gold shares continued to show a dull bias in very quiet trading, reflecting lack of interest and lower Bullion indications. However, Free State Geduld put on 20 cents to R25.70.

Financial Minings were mostly at previous levels, while other Metals and Minerals were generally lower. Asbestos issues were around 5 cents easier after a thin trade.

Industrials were modestly easier for choice.

Indices

NEW YORK -DOW JONES

	Feb. 9	Feb. 8	Feb. 7	Feb. 6	Feb. 3	Feb. 2	1977-78 High	1977-78 Low	Since compilation High	Since compilation Low
Industrial	777.81	782.66	778.35	768.62	770.96	775.58	999.75 (3/1/77)	765.56 (26/1/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.66	89.34	89.70	89.79	89.74	89.72	92.37 (7/4)	89.55 (26/1/78)	—	—
Transport	213.58	214.55	215.43	212.16	212.99	212.85	246.64 (4/8)	199.50 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.62	106.12	105.51	105.21	105.51	105.48	118.67 (22/2)	104.77 (31/1/78)	165.52 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	17,940	21,600	14,750	11,650	19,400	25,050	—	—	—	—

* Basis of index changed from August 24

	Feb. 3	Jan. 27	Jan. 20	Year ago (approx.)
Ind. div. yield %	5.98	6.02	5.92	4.35

STANDARD AND POORS

	Feb. 9	Feb. 8	Feb. 7	Feb. 6	Feb. 3	Feb. 2	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	99.40	100.01	99.45	99.51	98.88	99.50	118.92 (3/1/77)	97.47 (6/1/78)	134.54 (11/1/73)	3.52 (30/6/32)
Composite	90.50	90.83	90.33	89.50	89.62	90.15	107.00 (3/1/77)	88.38 (27/1/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Feb. 8	Feb. 1	Jan. 25	Year ago (approx.)
Ind. div. yield %	5.17	5.22	5.22	3.89
Ind. P/E Ratio	8.77	8.69	8.62	11.09
Long Govt. Bond yield	8.20	8.18	8.20	6.87

N.Y.S.E. ALL COMMON

Feb. 9	Feb. 8	Feb. 7	Feb. 6	1977-78 High	1977-78 Low
50.11	50.35	50.08	49.84	57.07 (4/1/77)	49.06 (27/1/78)

Rises and Falls

	Feb. 9	Feb. 8	Feb. 7
Issues traded	1,808	1,848	1,745
Rises	558	920	863
Falls	789	490	412
Unchanged	461	438	470
New Highs	31	38	22
New Lows	25	23	33

MONTREAL

	Feb. 9	Feb. 8	Feb. 7	Feb. 6	1977-78 High	1977-78 Low
Industrial	166.60	166.86	166.33	165.57	186.47 (17/3)	158.02 (25/10)
Combined	175.78	173.96	173.57	172.55	187.46 (19/1/77)	165.60 (25/10)
TORONTO Composite	1012.5	1014.4	1010.2	1007.1	1067.4 (19/1)	961.0 (25/10)
JOHANNESBURG Gold	208.8	209.1	213.7	213.9	218.7 (1/2/78)	139.4 (24/5)
Industrials	211.2	211.6	211.9	212.3	214.4 (4/1/78)	169.1 (22/5)

	Feb. 9	Previous	1977-78 High	1977-78 Low
Australia (§)	469.59	468.28	479.46 (5/1/78)	412.80 (16/8)
Belgium (‡)	94.59	93.48	99.12 (10/1/77)	90.46 (12/1/78)
Denmark (**)	94.85	94.72	107.42 (9/6)	94.00 (6/2/78)
France (††)	49.5	49.4	56.4 (7/1/77)	42.5 (10/6)
Germany (‡‡)	808.5	808.6	815.5 (17/11)	712.5 (10/3)
Holland (§§)	81.9	81.5	96.2 (4/5)	76.6 (23/8)
Hong Kong (¶¶)	(c)	(c)	435.17 (11/6)	383.44 (13/1/78)
Italy (‡‡)	60.87	61.06	76.71 (5/1/77)	54.90 (2/12)
Japan (a)	385.35	385.92	390.93 (29/8)	360.49 (24/11)
Singapore (b)	(c)	(c)	255.02 (29/3)	242.28 (3/6)
Spain (d)	94.83	95.11	100.00 (30/12)	94.53 (25/1/78)
Sweden (e)	372.47	365.46	416.86 (22/3)	[illegible]
Switzerl'd (f)	318.9	318.0	341.9 (9/2/78)	[illegible]

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975) † Excluding bonds. ‡ 400 Industrials § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73 (††) Paris Bourse 1961 (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64 (‖‖) Milan 2/1/73 (a) Tokyo New SE 4/1/68 (b) Straits Times 1966 (c) Close (d) Madrid SE 30/12/77—high and low for 1976 only (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp (u) Unavailable

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated ♥ Ptas.500 denom. unless otherwise stated ♣ Kr.100 denom. unless otherwise stated ♦ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

£ improves

Sterling was firmer in the foreign exchange market yesterday, following the miners' decision to accept a wage settlement within the Government's pay guidelines. The pound opened at $1.9295-1.9305, but quickly improved to around $1.9335, and remained at that level for some time, before touching a high point of $1.9350-1.9360 in the afternoon. It closed at $1.9345-1.9355, a rise of 15 points on the day.

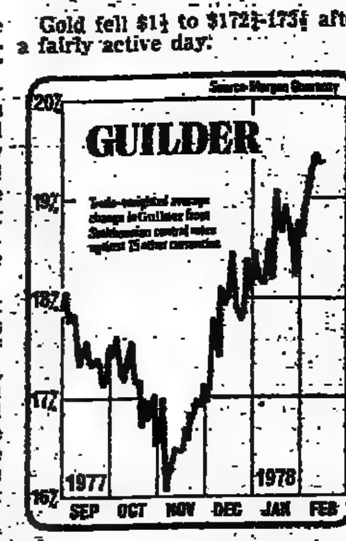
Sterling's trade-weighted index against a basket of currencies, as calculated by the Bank of England, rose to 66.2 from 66.0, after standing at 66.1 at noon and 66.0 in early trading. Forward sterling was also helped by the improved sentiment, with the three-month discount against the U.S. dollar narrowing to 0.07 cent from 0.22 cent.

With the exception of a slight market smoothing operation by the German authorities there was no indication of any intervention by central banks yesterday.

The French franc touched a best level of Fr.Frs.4.8625 against the dollar during the morning, but fell to Fr.Frs.4.91 in the afternoon, before closing at Fr.Frs.4.90 compared with Fr.Frs.4.8875 on Wednesday. Other currencies were fairly steady, with the D-mark showing little change on balance, while the Swiss franc was slightly firmer in terms of the dollar.

The dollar's trade-weighted depreciation, on Morgan Guaranty figures, widened to 4.47 per cent. from 4.41 per cent.

Gold fell $1¼ to $172¾-173¼ after a fairly active day.



CURRENCY RATES

	Special Drawing Rights February 9	European Unit of Account February 9
Sterling	0.627008	0.631335
U.S. dollar	1.21163	1.22069
Canadian	1.34273	1.35489
Austria sch.	18.3562	18.4781
Belgian franc	39.7203	40.0235
Danish krone	6.92689	6.97818
Deutschemark	2.55690	2.57662
Dutch guilder	2.73647	2.75653
French franc	5.91518	5.95884
Italian lira	—	1055.36
Japanese yen	292.609	294.529
Norway krone	6.21990	6.26765
Spain peseta	98.1178	98.7868
Swedish krone	5.54198	5.58031
Swiss franc	2.37661	2.39250

EXCHANGE CROSS-RATES

Feb. 9	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.1065-1105	43.00-20	6.432-447	4.074-084	93.45-60	107.45-60
New York	47.41-44	—	20.42-45	3.0480-0510	1.9350-9360	44.28-31	51.09-13
Paris	231.16-64	4.876-886	—	14.881-916	9.431-451	216.01-51	248.75-9.25
Brussels	15.52-57	32.77-82	6.69-73	—	63.30-45	14.50-54	16.70-75
London	4.12-13	1.9345-55	9.47-48	63.35-45	—	4.37-38	3.79-80
Amst'dam	106.97-7.02	2.2572-97	46.22-27	6.890-55	4.3676-3726	—	115.155-205
Zurich	92.277-959	1.9597-9607	39.92-40.04	5.9714-9882	3.7861-7891	86.751-832	—

U.S. $ in Toronto U.S. $=110.88-90 Canadian cents. Canadian $ in New York=90.19-21 cents. U.S. $ in Milan 864.60-90. Sterling in Milan 1671.20-60.

EURO-CURRENCY INTEREST RATES*

Feb. 9	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
†Short term	6-6½	6¾-7¼	6½-6¾	5⅝-5⅞	¼-⅝	3⅛-3¼
7 days notice	6-6½	6½-7½	6⅝-6⅞	5⅝-5⅞	¼-½	3⅛-3⅜
Month	6⅞-7⅛	6¾-7⅛	6¾-7	5¼-5⅝	[illegible]	3⅛-3⅜
Three months	7⅜-7⅝	6⅞-7¼	7⅛-7⅜	5-5¼	[illegible]	3⅛-3⅜
Six months	7⅞-8⅛	7¼-7⅝	7½-7¾	4⅞-5⅛	1⅛-1⅜	3⅛-3⅜
One year	8⅛-8⅜	7½-7¾	7⅝-7⅞	5⅛-5⅜	1⅛-1⅜	3¼-3⅝

Euro-French deposit rates: two-day 12¾-13¾ per cent.; seven-day 12¾-13¾ per cent.; one-month 14½-15 per cent.; three-month 14¼-14¾ per cent.; six-month 14-14½ per cent.; one year 13½-14 per cent.

Long-term Eurodollar deposits: two years 7 15/16-8 1/16 per cent.; three years 8 1/16-8 3/16 per cent.; four years 8 3/16-8 5/16 per cent.; five years 8 5/16-8 7/16 per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.85-6.95 per cent.; three-month 7.10-7.20 per cent.; six-month 7.40-7.50 per cent.; one-year 7.60-7.70 per cent.

* Rates are nominal calling rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	Feb. 9	Feb. 8
Gold Bullion (a fine ounce)		
Close	$172¾-173¼	$174¼-175
Opening	$174-174¼	$175-175¼
Morning fix'g	$174.00 (£90.006)	$175.00 (£90.612)
Aftern'n fix'g	$172.85 (£89.450)	$174.70 (£90.300)
Gold Coins domestically		
Krugerrand	$178¾-180¾ (£92½-93½)	$184-186 (£94¾-95¾)
New Sov'gns	$55-57 (£28½-29½)	$55½-57½ (£28¾-29¾)
Old Sov'gns	$54¼-56¼ (£28-29)	$55-57 (£28½-29½)
Gold Coins (Internat'lly)		
Krugerrand	$177¾-179¾ (£92-93)	$179-181 (£92¾-93¾)
N'w Sov'gns	$55-57 (£28½-29½)	$56½-57½ (£28¾-29¾)
Old Sov'gns	$54¼-56¼ (£28-29)	$55-57 (£28½-29½)
$20 Eagles	$258-261	$259½-262½

FOREIGN EXCHANGES

Feb. 9	Bank Rate %	Market Rates Day's Spread	Close
New York	6½	1.9285-1.9360	1.9345-1.9355
Montreal	7½	2.1410-2.1465	[illegible]
Amsterdam	4½	4.36¼-4.38	4.37-4.38
Brussels	6½	63.10-63.50	[illegible]
Copenhagen	9	11.02-11.10	[illegible]
Frankfurt	3	4.07-4.09	4.08-4.09
Lisbon	13	77.80-78.35	[illegible]
Madrid	8	155.10-156.50	[illegible]
Milan	11½	1,670-1,674	1,670-1,671
Oslo	6	[illegible]	[illegible]
Paris	9½	[illegible]	[illegible]
Stockholm	8	[illegible]	[illegible]
Tokyo	4¼	462-472	[illegible]
Vienna	5½	28.15-28.35	[illegible]
Zurich	1½	3.78½-3.80½	3.79-3.80

† Rates given are for convertible francs. Financial franc 63.27-63.47.

OTHER MARKETS

[illegible]

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—78½% (76%)
Effective rate (at 1.9350) 32½% (30¾%)

NEW YORK

Stock	Feb. 9	Feb. 8
Abbott Labs	51⅝	52⅜
Corning Glass	48¼	48⅝
CPC Int'n'tional	44¼	44
Johns Manville	30⅝	30⅝
Johnson Johnson	70½	71⅛
Johnson Control	29⅝	29⅝
Revlon	41⅛	41⅝
Reynolds Metals	29	29⅜
Reynolds R. J.	55⅝	55⅝
Woolworth	18⅛	18⅜
Xerox	46¼	46⅝

[illegible]

CANADA

[illegible]

GERMANY ◆

Feb. 9	Price Dm.	+ or −	Div. %	Yld. %
AEG	92.2	−0.4	—	—
Allianz Versich	498	−5	18	1.8
BMW	225.1	−0.9	20	4.4
BASF	139.0	−0.4	17	6.1
Bayer	137.2	−0.2	16	5.8
Bayer. Hypo	295.0	+0.2	20	3.4
Bayer. Vereinsbk	317.6	−0.7	20	3.2

[illegible]

TOKYO ¶

Feb. 9	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	319	—	14	2.2
Canon	475	−8	12	1.3
Casio	896	−2	25	2.1
Chinon	405	—	20	2.5
Dai Nippon Print	514	−1	18	1.8
Fuji Photo	568	−7	15	1.3
Hitachi	216	+2	12	2.8

[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

Feb. 9	Aust. $	+ or −
ACMIL (25 cent)	0.78	+0.01
Acrow Australia	0.85	+0.02
Allied Mnt-Trdg. Indus. $1	2.95	+0.02
Ampol Exploration	1.30	−0.02
Ampol Petroleum	0.75	−0.05
Assoc. Minerals	2.60	—

[illegible]

BRAZIL

[illegible]

OSLO

[illegible]

JOHANNESBURG

[illegible]

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND ●

[illegible]

Securities Rand $U.S.0.73 (Discount of 36.3%)

SPAIN ♥

[illegible]

COPENHAGEN ♣

[illegible]

STOCKHOLM

[illegible]

MILAN

[illegible]

VIENNA

[illegible]

FARMING AND RAW MATERIALS

...ritain in ...ommodity ...und talks

... GAMAIRI COREA, Secre... General of the United ...ons Conference on Trade ... Development (UNCTAD), ...held talks with British Mini... about further negotiations ...an international fund to ...lise world commodity ...kets.

...met Mr. Edmund Dell, the ...e Secretary, and Mr. Frank ..., the Minister of State for ...ign Affairs, who specialises ...European Common Market ...ers.

... Corea is on a tour of ...ern capitals, including ...ington, Paris and Bonn. ...e stabilisation fund negotia... were deadlocked in a 106-...n conference of rich and ... nations in Geneva about ...months ago.

...icials said yesterday that ...in favours resuming the ...tiations after careful pre...ions so that they offer a ... prospect of success. It ...ves the Commonwealth has ...ecial role to play in bridging ...gap between the rich in...ialised nations and the ...loping States.

...t the two sides are still far ... on the form and function ...he proposed common fund ...ehall officials said.

...hai rice crop ...stimate up

BANGKOK, Feb. 9.

...ILAND'S second rice crop ...year will produce 1m. tonnes ... $80m. Jarin Atthatha...n, acting director-general of ...Royal Irrigation Department ...here to-day.

...iginally, the second crop was ... expected to yield 800,000 ...s of rice but the figure was ...ed because the area was ...nded by 20,000 acres to ...00 acres, he said.

...ailand was previously ex...d to have an export surplus ...3m. tonnes this year but the ...forecast means the surplus ...total about 1.5m. tonnes.

...er

...ORWAY AND EEC ...SH DEADLOCK

By Our Own Correspondent

OSLO, Feb. 9.

...ree days of talks between ...ay and the EEC Commission ...t the allocation of fishing ...as for 1978 ended to-day ...out an agreement.

...th sides are, however, re...ed to have given some ground ...g the meetings, which were ...in Bergen.

...e two sides are due to meet ...in Brussels next week, and ...is believed to be a good ...e that a compromise may be ...ed then.

Almost all butter output 'going into intervention'

BY CHRISTOPHER PARKES

CONVENTIONAL BUYERS cannot be found for almost all the butter currently being produced in Britain, and it is being offered instead to the Intervention Board for stockpiling. Senior dairy industry sources say that only companies with contracts to supply or export *fresh* butter are still trading normally. But these companies account for only a tiny proportion of U.K. production, and the bulk of the 10,000—11,000 tonnes of butter produced each month is being diverted into the Common Market's mountain of surplus supplies.

Normal outlets in shops, food factories and caterers are glutted with supplies—mostly imported in a pre-Christmas rush. And now British makers and *merchants are complaining that* the impending cut in monetary compensatory amount import subsidies is attracting even more imports from Ireland and the Continent. So British production is being pushed out of the marketplace.

Because stocks are so high and pipeline supplies are so heavy, wholesale prices are now *depressed to £100 or more a* tonne below the official support prices paid by the Intervention Board.

Under these conditions the *attractions* of the Intervention Board's support buying facilities are irresistible.

The Board bought in only 1,440 tonnes of butter during January, bringing the total stored in the official EEC cold *stores in Britain to about 6,000* tonnes. It said that the impact of any increase in buying would not become apparent for two months at least.

The support buying process, from the maker's offer to final acceptance, *always takes a matter of months to complete.*

Competition

Dairy traders fear that the present level of offerings to the Intervention Board could continue for *two or three months* yet, leading to a record "surplus" of home-produced butter in Britain—an ironic situation for a *country which produces less than* a third of its requirements.

There is growing pressure for an increase in selling prices, but the main suppliers in the British market *are hesitant. If one company* were to raise its asking price to a more "realistic" level there would be no guarantee that the others would follow suit. This could let the competition in with a chance to increase their share of the market.

The confusion over prices is further compounded by the price-cutting war being waged by the main retail chains, whose shop shelf prices seldom if ever bear any realistic relationship *to published wholesale rates.*

Known stocks of butter in private hands in Britain are now 150,000 tonnes. It is estimated that a further 40,000 to 50,000 tonnes are held, unregistered, in private cold stores. New Zealand has the right to send in a further 100,000 tonnes-plus, and if home output stays at 1977 levels, this would be more than enough to *match consumption.*

But these figures take no account of the normal yearly import of butter from the rest *of the EEC. Last year this was* about 180,000 tonnes. In 1978 total imports from the rest of the Community were closer to 260,000 tonnes.

Clash over EEC farm policy

BY DAVID WHITE

PARIS, Feb. 9.

SHARPLY OPPOSING views by Australia and France on farm protectionism and price support policies highlighted a meeting of Agriculture Ministers and representatives of the Organisation for Economic Co-operation and Development here to-day.

The Australian delegation vehemently criticised EEC import policies, particularly with regard to dairy products and beef. Over a third of Australian beef producers were likely to make a *loss this year at a time when consumers* in other countries were not only denied access to low-cost beef but were having to pay so *dearly for locally-produced meat* that consumption was declining.

A directly opposite line was *taken by M. Pierre Méhaignerie*, France's Minister of Agriculture, who defended price support as the basis for maintaining farmers' revenues.

France would not consider putting *a brake on its farm production* because of current subsidies which, he said, could not be viewed as permanent.

The meeting of the 24 OECD member countries and Yugoslavia—the first time the organisation's *Farm Ministers* have got together for nearly five years—comes under the shadow of the Geneva Multilateral Trade Negotiations and talks on a new International Wheat Agreement, due to open next week.

Concern not to prejudice the outcome of these negotiations meant that members' addresses were largely restricted to good intentions about improving international market mechanisms, promoting better monitoring of *markets through the OECD* and approaching the food problems of developing countries.

But while all paid lip *service* to the Third World, the French Minister said that "certain developing countries" in which food production was better advanced could not be viewed as meriting preferential treatment and would have to conform to the same conditions as the developed food exporters.

U.S. feed grain 'set-aside'

THE U.S. Administration has *confirmed that there will be a* 10 per cent. "set aside" programme for feedgrain, under which farmers are paid not to plant. It is estimated this will cut U.S. feedgrain production this year by 3 per cent., or 7m. tonnes. To encourage farmers to participate in the grain preserve programme the storage payment rate has been raised from 20 to 25 cents a bushel.

"Our goal is to have 30m.-35m. tonnes of food and feed grain in reserve prior to the beginning of the 1978 crop year," President Carter said in a statement.

He urged farmers to make maximum use of the set-aside and reserve programmes.

The President pointed out that farmers have the tools at hand to raise grain prices by participating in the set-aside programmes. *These would help cut* the oversupplies that are currently holding down prices.

"If our farmers use this programme *it will have a positive* impact on prices, which are now too low, and will, at the same time assure foreign buyers that he will be a reliable supplier of grain," he added.

Copper price warning

By Our Commodities Editor

A COPPER price double the present level is needed to justify going ahead with the development of a major new mine, Mr. Charles F. Barber, chairman of Asarco Inc., told the New York Copper Club annual meeting reports Reuter.

Mr. Barber noted that some people believed future copper projects would be financed by governments which could disregard the economics of investment in favour of social and political objectives.

One indication of this possible trend was the decision by a consortium of Western banks to lend money to Poland for the development of copper deposits there even though Polish repre*sentatives at recent* international copper talks said the country would not trim its production or restrain its exports in a future depression.

Mr. Barber warned that copper production might be hampered in future by the cumulative effect of cash stringency, deferred development and maintenance. In addition, high grade ore might be mined out as had already occurred in Zambia.

On the London Metal Exchange copper prices rallied yesterday as *some heavy buying*, mainly from chartists, came into the market. Values, in fact, moved lower in early trading but once selling pressure eased at a crucial chart point the market moved swiftly up to close marginally higher on balance.

The recovery in copper helped reverse early falls in other base metals, too. Zinc was further *aided by some heavy "borrowing"* (buying of cash and selling forward) by an influential dealer.

U.S. may curb antibiotics in animal feed

WASHINGTON, Feb. 9.

THE FOOD and Drug Administration of the U.S. said it will hold a series of public hearings in March and April on proposals to limit the use of antibiotic drugs in animal feed.

The *hearings—March 23 in* Ames, Iowa, March 30 in Raleigh, North Carolina, and April 6 in Dallas, Texas—will focus on the FDA's January 20 proposal to restrict distribution of Penicillin, Chlortetracycline and Oxytetracycline for use in animal feed to specifically licensed feed manufacturers.

The proposed regulation is part of a major programme by FDA to halt the routine addition by manufacturers of small quantities of these antibiotics to animal feed.

Reuter

PIG FARMING

The going may get even harder

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

COMPARING the relative viability of farming between the members of the Common Market is far from being an exact *science. In fact some would say* that it is impossible, in view of the differences inseparable from the "green pound" and other "green" currencies, to say nothing of the daily fluctuations in exchange rates. Nevertheless some calculations can be made, which show that British farmers are not too badly treated.

This particularly applies to pigs. They consume a fairly easily measured quantity of feed to produce a kilo of meat, and a *simple way of determining* relative viability is to calculate the number of kilos of barley each kilo of pork sold will pur*chase. I have used barley as* the indicator, as it is the traditional basis of most pig feeding rations, and its price is maintained throughout the EEC by intervention.

From this it would appear that *the U.K. producer is at the* moment earning with his pigmeat quite as good a margin as his contemporaries. And it is worth pointing out that both the Dutch and the Danes have been getting the advantages of the MCAs on exports to the U.K. Yet the Meat and Livestock Commission is still publishing costings, which show losses of several pounds a pig.

It is worth pointing out, though, that the British advantage is primarily because barley *is under-priced, thanks to a good* harvest and poor marketing by farmers. By February, 1979, the intervention price for barley after the full 7.5 per cent. for "green pound" devaluation and a possible 2 per cent. rise in Community prices, will be about £84 a tonne against £75, and this will reduce the present advantage to practically nil.

It is important to consider the implications of these calculations, because eventually there *will be harmonisation of feed* and pigmeat prices in an integrated community. If British pig farmers are in trouble under the present margins, they could then be at a serious disadvantage. Yet under roughly the same conditions the Danes, the Germans and the Dutch are at present increasing their herds.

I don't think the Europeans are any better as pig farmers. Their breeding results are no better than the average of ours, nor is their feeding any more efficient. The fact is that they have three fundamental advantages which make them highly competitive.

Their herds are generally smaller. In Germany the aver*age is nine sows, in Denmark 12,* in Holland 27, in the U.K. 25. In the case of livestock farming, big is not necessarily beautiful. Few European pig keepers employ any labour at all. In Britain, according to the Cambridge University costings, labour costs average £9.14 per £100 of output. Family farms do not have to bear this charge, which gives them enormous flexibility.

Nor, it appears, are Continental overheads so high. There has been very little fresh investment in buildings on the scale seen here. Danish pig houses are still fundamentally the same as they were at the turn of the century.

Overheads of this sort work out at about £10 per £100 of output, according to the Cam*bridge figures. Critics might say* that farmers who don't count their labour costs, or their overheads are not businesslike. They may not be. But as long as they are prepared to go on doing it, there is nothing that will stop them.

There are marked differences in feeding methods. Table 2 illustrates the differences in the member countries. In Denmark, there is a large degree of home mixing, particularly of cereals, together with some alternative feeds such as fodder beet. In Germany, the alternative feeds are also available. In Holland there is comparatively little arable land for the size of the pig population. But Dutch pig compounds have been produced from a variety of substances, least-cost formulation is the term which described it, which almost *completely eliminates cereals* from the rations, and so reduces the price considerably. But it is very difficult to see how they can do it.

Overall then, it looks as though full harmonisation could leave British producers in a situation where high investment and high wages proved a positive disadvantage.

TABLE 1

	Pigs price in pence per kilo deadweight	Barley £ per tonne	Kilos of barley per kilo deadweight
U.K.	75.6	72	10.4
West Germany	93	102	9.3
Holland	80	98	8.1
Denmark	88.6	96	9.2

Sources: MLC, HGCA, Agra Europe (Current Exchange rates)

TABLE 2

Country	National herd ('000s)	Compounds used used in 1976 (m. tonnes)	Tonnage per pig
U.K.	7,714	2.47	0.34
Denmark	7,597	1.20	0.15
Germany	19,805	4.91	0.24
Holland	7,016	4.75	0.6

Caribbean rice aid deal

BY OUR OWN CORRESPONDENT

GUYANA, Feb. 9.

CANADA has contracted to buy 10,000 tonnes of Guyana rice for delivery direct to Jamaica under *an unusual trilateral arrangement* which will cost the Canadians $C4.5m.

The deal has been worked out by the Canadian International Development Agency.

The contract requires the rice to be delivered in Kingston by March 31, and the Guyana Rice Board says that nearly 2,000 tonnes have already been delivered.

The deal has the effect of *boosting Guyana's low hard* currency reserves, helping to take off some of Guyana's bumper 1977 rice crop of 220,000 tons, and assisting Jamaica with its food needs. Jamaica had said it would not be able to maintain its monthly purchases of Guyana rice at the same level as last year.

...MMODITY MARKET REPORTS AND PRICES

...ASE METALS

...PER—Stronger after heavy chartist covering in both New York and ... In early trading forward metal ... down from £639 to £637 but ...ed to hold at this level and then ... Large volumes were traded ... £644 and £646 and the market ...

...close on the Kerb was £646. Turnover 14,300 tonnes.

TIN—Gained ground after a hesitant start when forward metal slipped from £6,230 to £6,210 following a fall in the East overnight. But there was physical *interest at the lower level* and the backwardation widened. The price began to move up helped by chartist buying, the stronger performance of copper and the weaker pound. It reached a high of £6,290 and closed on the Kerb at £6,285. Turnover 2,250 tonnes.

Morning: Standard cash £6,340, 35, three months £6,230, 40, 35. Kerb: Standard three months £6,240. Afternoon: Standard, ...

COFFEE

Robustas opened steadier as expected some £10-£15 higher but failed to gain momentum reports Drexel Burnham Lambert. In the afternoon, fresh dealer selling and long liquidation quickly suppressed the bulls and values decreased steadily for the rest of the day. ...

index Limited 01-351 3466. ...amont Road, London SW10 0HS.

May Sugar 118.5-120.1

PRICE CHANGES

Prices per tonne unless otherwise stated.

	Feb. 9 1978	+ or —	Month ago
Metals			
Aluminium	£680	....	£680
Free Market (cif)	$955-65	....	$990
Copper cash W. Bars	£632.5	+2.75	£660.25
3 months do. do.	£646.75	+3.0	£673.5
Cash Cathode	£622.5	+3.25	£650.25
3 months do. do.	£635.5	+3.25	£663.25
Gold Troy oz.	$173.125	—1.5	$175.125
Lead Cash	£312.25	+1.25	£363.25
3 months	£317.75	—25	£368.75
Nickel	—		—
Free Market (cif)	$1.85-2.0	....	$1.73-2.0
Platinum troy oz.	£98	....	£98
Free Market	£108.9	—1.45	£100.70
Quicksilver (76lb.)	$130-35	....	$128.35
Silver Troy oz.	250.85p	—2.75	256.9p
3 months	254.55p	—2.95	260.5p
Tin Cash	£6,397.5	+30.0	£6,827.5
3 months	£6,282.5	+27.5	£6,622.5
Wolfram 22.04lb cif	$148-54	—2.0	$186.73
Zinc cash	£249.5	+2.25	£276.625
3 months	£252.5	+1.0	£283.5
Producers	$590-600	....	$600
Oils			
Coconut (Phil)	$555t	—12.5	$557.5
Groundnut	£599	....	£597
Linseed Crude (r)	$271	....	$260
Palm Malayan	$502q	—5.0	$500
Seeds			
Copra Philip	$387.5s	—2.5	$382.5
Soyabean (U.S.)	$236.8q	—2.7	$251
Grains			
Barley EEC	....	....	....
Home Futures	£72.15	—0.4	£70.45
Maize			
French No. 3 Am	£97	+0.5	£97.5
Wheat			
No. 1 Red Spring	£85.5s	....	£84.5
No. 2 Hard Winter			
English Milling	£93.5	....	£93
Cocoa Shipment	£1,673	....	£1,804
Future May	£1,499	+15.5	£1,612.5
Coffee Future			
May	£1,660½	—18.5	£1,804
Cotton 'A' Index	66.4c	+0.1	63.3c
Jute UA ABC	437	....	$437
Rubber kilo	46.5	....	46p
Sisal E EASL	$525-45	....	$560-70
Sugar (Raw)	£107	—1.0	£110
Wooltops 64s kilo	269	+1.0	267p

Nominal. ‡ Unquoted. a Seller's quotation. c Cents a pound. o Ex-tank London Hull. q April. s Feb.-March. t March April. u Feb.-April. w March. z May x Per ton.

★

FINANCIAL TIMES

Feb. 9	Feb. 8	Month ago	Year ago
227.72	227.72	236.51	269.59

(Base: July 1 1952=100)

REUTER'S

Feb. 9	Feb. 8	Month ago	Year ago
1402.4	1402.3	1421.3	1620.3

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Feb. 9	Feb. 8	Month ago	Year ago
Spot	352.69	352.27	360.78	399.66
Futures	333.72	333.42	340.21	394.25

(Average 1924-25-26=100)

MOODY'S

Moody's	Feb. 9	Feb. 8	Month ago	Year ago
Sple Commty	905.4	905.0	891.4	905.6

(December 31, 1931=100)

★

GRIMSBY FISH—Supply: Good and demand Fair. Prices per stone at ship's side (unprocessed): Shelf Cod ...

U.S. Markets

New York copper up: silver firm

COPPER made a substantial move on the upside as Commission House and trade sources bought heavily. This was sparked off by rumours that producing countries would cut their production to boost prices. Nearby contract months posted gains of 1 cent. Silver closed 3 cents higher on Commission House and local buying. Gold managed a 50-point gain on late local and arbitrage buying, Bache reports.

Cocoa—March 137.75 (136.20), May 128.35 (125.30), July 122.10, Sept. 119.75, Dec. 116.75, March 114.75, May 112.75, July unquoted. Sales: 1,171 lots.

Coffee—March 198.00-198.50 (199.31), May 178.50 (176.32), July 163.00-165.35, Sept. 157.50-158.00, Dec. 144.50-145.50, March 142.40, May 135.00-142.00, July 125.00-140.00. Sales: 595.

Copper—Feb. 57.50 (56.70), March 58.10 (57.00), April 58.60, May 59.10, July 60.10, Sept. 61.00, Dec. 62.40, Jan. 62.90, March 63.90, May 64.70, July 65.70, Sept. 66.60, Dec. 68.00 settlements. Sales: 3,250 lots.

Cotton—No. 2: March 56.35-56.38 (56.50), May 57.45-57.50 (57.78), July 58.45-58.57, Oct. 59.45, Dec. 59.90, March 60.50-60.90, May 61.40-61.50, July 61.50 bid. Sales: 405,000 bales.

*Gold—Feb. 175.00 (174.20), March 175.80 (174.80), April 176.40, June 178.90, Aug. 181.20, Oct. 183.70, Dec. 186.20, Feb. 188.70, April 191.40, June 194.10, Aug. 196.80, Oct. 199.60, Dec. 202.30 settlements. Sales: 7,000 lots.

†Lard—Chicago loose 21.00 (same nom.). New York prime steam 22.00 traded (same).

‡Maize—March 226½-226 (225½), May 229½ (229½), July 232-229½, Sept. 228, Dec. 227½, March 235.

§Platinum—April 214.30-215.60 (214.70), July 219.00-219.00 (218.50), Oct. 223.00, Jan. 226.20-226.40, April 229.90-230.10, July 231.00-233.00. Sales: 1,242 lots.

§Silver—Feb. 456.00 (452.70), March 457.50 (454.80), April 491.20, May 494.60, July 501.50, Sept. 505.50, Dec. 519.40, Jan. 522.90, March 530.20, May 537.50, July 544.60, Sept. 552.20, Dec. 563.20 settlements. Sales: 5,500 lots. Handy and Harman spot bullion 483.60 (484.60).

Soyabeans—March 558-559 (556½), May 567-567½ (569½), July 574, Aug. 575, Sept. 567½, Nov. 560½-567, Jan. 574, March 581½.

||Soyabean Meal—March 148.50-148.90 (148.90), May 152.00-152.70 (152.90), July 155.50, Aug. 156.70-157.00, Sept. 156.30-156.80, Oct. 156.80-157.20, Dec. 158.80-159.20, Jan. 159.50-159.70, March 161.00 bid.

Soyabean Oil—March 20.25-20.20 (20.35), May 20.07-20.85 (20.26), July 20.00, Aug. 20.00-19.95, Sept. 19.75, Oct. 19.45, Dec. 19.40, Jan. 19.37, March 19.35-19.40.

Sugar—March 9.01-9.02 (8.92), May 9.33-9.34 (9.27), July 9.49-9.50, Sept. 9.62-9.63, Oct. 9.73-9.74, Jan. 10.11-10.40, March 10.34-10.38, May 10.51-10.55, July 10.65-10.75. Sales: 3,500.

Tin—557.00-570.00 asked.

**Wheat—March 266½-266½ (265), May 271-271½ (270), July 274½-274½, Sept. 279, Dec. 286½, March 294½.

WINNIPEG, Feb. 9. ††Rye—May 108.10 bid (108.00), July 107.00 bid (106.70 asked), Oct. 130.40 asked, Nov. 110.60 asked.

††Oats—May 78.30 bid (77.50), July 78.00 asked (75.60 bid), Oct. 75.00 nom.

‡‡Barley—May 78.90 bid (78.60), July 78.30 bid (78.30 asked), Oct. 77.50 bid.

§§Flaxseed—May 211.50 bid (211.50 bid), July 213.20 (213.10 bid), Oct. 217.60 asked, Nov. 219.50 asked.

¶¶Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 150.65 (150.43).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime Steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 ounce units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

STOCK EXCHANGE REPORT

Gilts up again to show biggest rises for four months

Equities end below best but index puts on 4.9 to 473.3

Account Dealing Dates			
Option			
*First Dealings	Declarations	Last Dealings	Account Day
Jan. 30	Feb. 9	Feb. 10	Feb. 21
Feb. 13	Feb. 23	Feb. 24	Mar. 7
Feb. 27	Mar. 9	Mar. 10	Mar. 21

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

British Funds continued to hold the limelight in stock markets yesterday on sentiment improved by the miners' decision to abide by the Government's pay guidelines. The market was given further impetus by the Government broker's activation for the first time of the long tap Exchequer 10¼ per cent. at 26, four points under the issue price but a full point and a half up on its low touched a couple of days ago.

Selling of the tap stock, estimated at up to a quarter of the £800m. issue, relieved fears about the need for an early hoist in short-term interest rates to settle recent concern about the financial background, while the miners' decision helped towards the same end in apparently weakening the bargaining position of the many other public sector workers currently negotiating wage claims. So, the market's worries were pushed aside and widespread gains to 1½ points were recorded in short- and long-dated Gilt-edged. The recently weak Government Securities index, up 0.93 at 75.34, had its *biggest single-day rise for over four months.*

Leading equities started off in a blaze with a rise of 8 points in *the FT 30-share index at 10 a.m.* but early business flattered and the index level held throughout the day before tailing off towards the close which was a net 4.9 up at 473.3. However, an increased turnover was illustrated in official markings of 5,926 against the previous day's 5,271. Second-line issues, in which there was a revival of recent speculative interest, recorded some sharp gains, but the bulk were in the process of catching up on the rises in the leaders which occurred overnight and in yesterday's early business.

Overall, rises in FT-quoted equities outnumbered falls by more than 8-to-1, and the FT-Actuaries share indices showed widespread gains averaging 1½ per cent.

'Tap' activated

The authorities activation of the long tap was the extra ingredient required for an extension of Wednesday's sharp turnround in British Funds. Taking up from where they left off overnight, quotations were immediately ½ higher at the opening and in another heavy trade made further progress to stand with net gains stretching to 1½ points after the official close of business. The Government broker unexpectedly began selling the tap Exchequer 10¼ per cent. 1995 midway through the morning session at 26, some 4 points below the issue price, and in the face of heavy buying withdrew at this level and at 26¼, having sold an estimated £150-£200m. of the stock. With the pressure on short-term interest rates effectively reduced, yield considerations became a major incentive at both ends of the market, although business in the shorts was more one-way than in the longer maturities. Nevertheless, gains extending to 1¼ were established in both sectors, sentiment being further influenced by the Central Government Borrowing Requirement and a reported more conciliatory attitude on the part of engineering workers. Corporations also rebounded 1¼ points in some instances, Tameside 10¼ per cent. 1984-85 regaining that much to 9, in £10-paid form. Southern Rhodesian bonds also improved in places.

In the absence of any real selling, rates for investment currency improved quickly after a slightly uncertain opening which reflected the early trend in sterling. With business thus generally one-way, institutional and other support pushed the premium up to 78½ per cent. before a small late reaction left it a net 2¼ points higher at 78¼ per cent. Yesterday's SE conversion factor was 0.7556 (0.7668).

Discounts firm

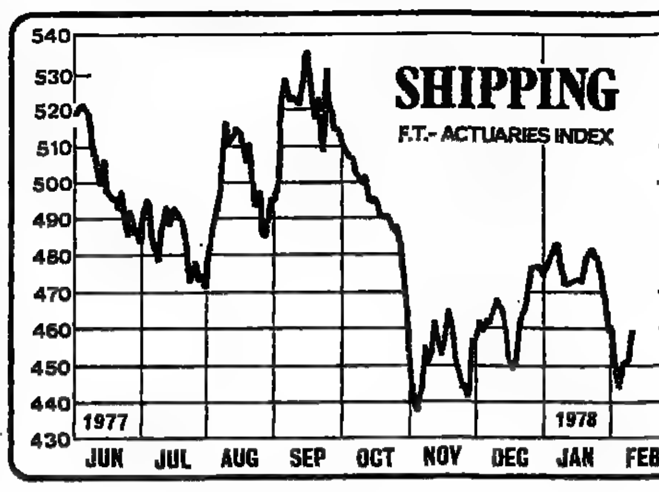
Discounts mirrored the sharp *upturn in gilts.* Union *closed 15* to the good at 445p, and Allen Harvey and Ross 10 better at 475p, while Cater Ryder put on 7 to 280p and Alexanders 3 to 233p. Home Banks improved with the general trend but failed to hold their best levels. Lloyds ended 4 up at 268p, after 270p and Midland, 2 harder at 342p, after 345p; the latter's new nil-paid shares ended a penny higher at 15p premium, after 17p premium.

The volume of business in Insurances again left much to be desired but prices improved throughout. An unsettled market of late on consideration of its dispute with the Government over the recent pay award, Sun Alliance encountered a bear squeeze and picked up 13 to 542p. Royals shrugged aside fund-raising fears and added 7 at 380p.

Having improved to 184p in front of the annual meeting, Guinness were finally a penny easier on the day at 179p following the chairman's review of the company's prospects. Other Breweries generally made modest headway, but Davenports rose 6 to 94p on revived bid speculation. Distillers closed another 2 up at 175p and A. Bell 8 to the good at 214p.

Buildings made good progress with sentiment helped by encouraging January housebuilding output figures released by the National Housebuilding Council. Marchwiel rose 10 to 246p and Richard Costain put on 8 to 264p. Newarthill also added 8, to 153p, and Higgs and Hill improved 5 to 85p, while Wilson (Connolly) firmed 7 to 117p in a thin market. Still drawing strength from the recent interim figures, Vibroplant added 6 to 168p. AP Cement, 240p, and Aberthaw, 146p, gained 5 and 4 respectively.

ICI, 4 up at 356p. after 357p, saw a continuation of the previous day's late firmness. Elsewhere, Scottish Agricultural, 205p, and William Ransom, 162p, both rose 7 in response to their respective annual and half-year trading statements.



Stores below best

Leading Stores closed a penny or two below the best following a small trade. W. H. Smith "A" hardened 3 to 150p, after 152p, while Marks and Spencer were 2 dearer at 145p, after 147p. The chairman's forecast of a modest first-half profit left Burton "A" a penny firmer at 119p, after 120p. Gussies "A" rose 4 to 280p, after 282p, as did Mothercare to 170p. Elsewhere, improvements of 5 were seen in Allied Retailers, 201p, MFI Furniture Centres, 114p and John Menzies, 295p.

GEC rose to 265p before easing to settle at 263p for a net rise of 4, while EMI ended a few pence dearer at 179p, after 183p. Elsewhere in the Electrical sector, gains of around 5 were recorded in Louis Newmark, 175p, Racal Electronics, 214p, and Telephone Rentals, 130p. Others to reflect sporadic buying included Brocks, 3 dearer at 73p, and Rediffusion, a similar amount up at 92p. Among smaller-priced issues, Telefusion hardened 2 to 39p. Suter Electrical improved afresh to 11p before dealings were temporarily suspended at 10½p at the request of the company pending an announcement.

Revived investment demand left John Brown 6 dearer at 296p, while Hawker Siddeley closed similarly higher at 188p, after 190p. Elsewhere in Engineerings, Tubes finished below the best at 386p, up 4, after 390p, but secondary issues encountered a little more buying interest than of late. Gains of around 5 were recorded in APV, 195p, Blackwood Hodge, 81p, Davy International, 240p, and Tecalemit, 109½p. ML Holdings responded to the increased dividend and profits with a gain of 4 to 92p. In contrast, S. Osborn closed 2 cheaper at 81p, after 87p, following news that Aurora Holdings had acquired Johnson Firth Brown's 19.1 per cent. stake in SO. Johnson Firth Brown hardened 2 to 62p. Smith Holdings (Whitworth) gave up a penny to 8½p on the half-yearly loss, while the chairman's forecast of lower interim profits left Serck a shade cheaper at 90p.

J. Bibby were well to the fore in Foods, rising 7 to 220p as bid hopes revived. Rowntree Mackintosh attracted support and closed 8 higher at 375p, while gains of 4 were seen in Associated Biscuit, 78p, and United Biscuits, 130p. Fitch Lovell continued firmly, hardening a penny to 67p for a three-day gain of 8. Robertson moved up 8 to 134p in response to fresh speculative interest, but Morgan Edwards became a late weak feature with a fall of 5 to 25p on the substantial first-half loss. Supermarkets made headway with William Morrison rising 5 to 170p and Hillards 7 to 185p.

Trust Houses Forte rose 7 to 196p for a two-day gain of 18 since the better-than-expected preliminary figures. Publicity given to the company's lottery ventures directed attention to Ladbroke which advanced 4 to 188p, while renewed speculative demand left Savoy "A" 3 harder at 75p, after 78p.

Reed down again

Marked up by a few pence at the outset on continuing consideration of the miners' pay decision, the miscellaneous industrial leaders made further progress at first but then eased off on lack of follow-through support to close well below the best in places. Beecham touched 643p but closed 3 higher at 638p, while Glaxo lost all of an early gain of 8 to finish unaltered at 570p. Metal Box, however, rose 8 to 306p as did Reckitt and Colman, to 430p, and Trafalgar House, to 154p. Reed International, on the other hand, remained an unsettled market following recent adverse comment and fell 7 further to a 1977-78 low of 104p; this is 126p off the year's high. Elsewhere, late details of revised terms for its acquisition of Temper Corporation, a subsidiary of Allegheney, helped Wilkinson Match rally from 182p to close at 190p, for a gain of 5 on the day. Firm of late on news of a large shareholding changing hands, Dixor rose 4 more to 46p, while fresh demand in a thin market lifted Norton and Wright 13 to 188p, after 190p. British Vita added 9 to 85p on spectacular support and ICL gained 10 to 260p as did Marshalls Universal, to 146p. Further consideration of the dividend-boosting rights issue prompted a gain of 6 to 89p in AGB Research. *Crosby House, however, lost 4 to 129p on the poor interim performance.*

Motors and Distributors *closed* with a lengthy list of gains in the wake of an announcement that January car sales were substantially better than the industry had been expecting. H. and J. Quick moved up 3 to 46½p, while similar gains were seen in Henlys, 123p, and Caffyns, 100p.

Dowty picked up 2 more at 175p reflecting the miners' decision and the recent good interim report, while Turner Manufacturing, 119p, and Bluemel Bros., 70p, put on 5 apiece. ERF finished 11 higher at 168p as bid speculation revived, while rises of around 3 were seen in Wilmot-Breeden, 62½p, and Armstrong Equipment, 60½p.

Persistent demand in a thin market lifted Associated Book Publishers 17 more to 190p, after 195p. While Benn Bros. hardened 2 to 60p in reply to the higher first-half earnings. North Sea Oil-orientated stocks to make progress included Thomson, 12 better at 626p, and Daily Mail A 8 to the good at 309p.

With recent fears of an increase in short-term interest rates fading, Properties took a turn for the better. Leading issues to firm a penny included Land Securities, 218p, and MEPC, 123p. Elsewhere, Alnatt revived at 217p, up 5, while Chesterfield, 297p, and Imry, 300p, rose 7 and 6 respectively. Buyers showed interest in Stock Conversion, 4 to the good at 244p, and similar improvements were seen in Great Portland, 314p, and Slough, 119p.

Oils improve

Although ending below the best, leading Oils encountered a fair amount of buying interest. British Petroleum were briskly traded up to 792p before settling at 788p for a net rise of 8, while Shell closed a like amount dearer at 508p, after 512p. Ultramar improved 4 to 230p. Among the speculative favourites, gains of 4 were seen in Oil Exploration, 224p, Siebens (U.K.), 276p, and Lasmo, 176p. Elsewhere, KCA met with support and put on 2½ to 32½p.

Overseas Traders were notable for a rise of 5 to 76p in Lonrho and an improvement of 8 to 219p in S. and W. Berisford.

Capital issues were in the vanguard of an across the board improvement in Investment Trusts. New Throgmorton rose 6 to 89p, while Fundinvest, 56½p, Triplevest, 132p, and Rosedimond, 56p, all closed around 4 better. Elsewhere, Tribune rose 10 to 575p in reply to results and capital proposals. Other firm spots included Family Investment, 6 up at 77p, and Alliance Trust, 4 better at 199p. Yule Catto figured prominently in Financials, rising 5 to 77p on renewed speculative demand.

The Tobacco *majors* attracted a good two-way business and Imps, at 79p, held the previous day's gain of 3½ which followed Press comment on the results, while BAT Industries Deferred finished 5 harder at 240p.

Ruo Estates featured late in Teas with a jump of 20 to 150p on the substantially increased dividend and profits.

Late falls in Golds

An attempted rally in Golds was brought to an abrupt halt when the bullion price fell to $172.85 per ounce at the afternoon fixing prior to closing $1.50 down at $173.125.

Shares had opened on a steady note after the previous day's sharp mark-downs but the absence of any support had an unsettling effect which gathered pace after mid-day. The Gold Mines Index registered a further 1.6 fall to 143.4 bringing the two-day reaction to 8.2.

In the heavyweights Hartebeest closed ¼ easier on balance at £10, after £10⅝, while Free State Geduld ended a similar amount down at £13¼, after £13½. Randfontein were unchanged at £31¼ after £31½.

Lower priced issues showed East Rand Props. 15 off at 335p and Kloof 7 cheaper at 455p.

The trend in Golds affected sentiment in South African Financials which drifted in idle trading. "Amcoal" fell 10 to 440p, Anglo American Corporation 2 to 258p and Transvaal Consolidated Land ½ to £11½.

Platinums, however, attracted modest "new-time" buying which was only partly offset by Cape selling. Bishopsgate hardened 2 to 72p and Lydenburg and Rustenburg both put on a penny to 55p and 84p respectively.

The firmness of the U.K. equity market enabled London-domiciled Financials to hold steady. Rio Tinto-Zinc put on 2 to 171p, while Charter added a penny at 126p. Gold Fields, however, eased a similar amount *to* 182p owing to the fall in the bullion price.

A marginally firmer trend in overnight Sydney and Melbourne markets coupled with the higher investment currency premium left Australians showing small gains. Bougainville *rose* 3 more to 78p, Conzinc Riotinto 2 to 166p and BH South a penny to 72p.

FINANCIAL TIMES STOCK INDICES

—	Feb. 9	Feb. 8	Feb. 7	Feb. 6	Feb. 3	Feb. 2	A year ago
Government Secs.	75.34	74.41	74.05	74.05	74.03	75.68	[illegible]
Fixed Interest	77.96	77.31	78.03	78.02	78.72	79.16	[illegible]
Industrial Ordinary	473.3	468.4	463.7	468.1	458.7	460.5	[illegible]
Gold Mines	143.4	145.0	151.6	151.6	151.6	155.7	[illegible]
Ord. Div. Yield	5.67	5.72	5.76	5.83	5.84	5.81	[illegible]
Earnings Y'ld%(full)(*)	17.28	17.45	17.56	17.78	17.78	17.71	[illegible]
P/E Ratio (net) (*†)	8.17	8.09	8.07	7.97	7.97	8.00	[illegible]
Dealings marked	5,926	5,271	5,552	6,411	6,351	5,122	[illegible]
Equity turnover £m.	—	64.10	66.39	62.29	67.12	65.25	[illegible]
Equity bargains total	—	14,153	14,590	13,734	12,560	13,068	[illegible]

10 a.m. 476.4. 11 a.m. 475.7. Noon 475.8. 1 p.m. 476.3. 2 p.m. 476.6. 3 p.m. 475.6.
Latest Index 01-246 8026.
*Based on 52 per cent. corporation tax. † Nil=8.12.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.86 (30/9)	60.45 (4/1)	127.4 (9/1/36)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	95.1 (1/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 9	Feb. 8
—Daily		
Gilt-Edged	203.1	218.9
Industries	193.9	[illegible]
Speculative	38.1	[illegible]
Totals	[illegible]	[illegible]
5-day Average		
Gilt-Edged	226.1	[illegible]
Industrials	181.4	[illegible]
Speculative	58.8	[illegible]
Totals	134.4	[illegible]

Surrey Docks development work starts

WORK has started on the £1.5m. plan to build main trunk sewers for the development of Surrey Docks.

The sewer system will provide drainage for the majority of the new housing areas to the north of Redriff Road and the new industrial areas.

Other work started includes the removal of the top layer of accumulated dock silt for stock piling for use as top soil and ground trials to test the nature and improve the bearing pressures of the soil.

The first stage of the housing development will start in the northern area.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (25)

BUILDINGS (1)
Vibroplant

CHEMICALS (2)
Scot. Agric. Inds. Ransom (Wm.)

STORES (2)
Allied Retailers Ladies Pride

ENGINEERING (2)
Brown (J.) Camford Eng'g.

HOTELS (1)
Stakis (Reo)

INDUSTRIALS (5)
Bury Masco Wade Potts.
Centreway Watson (R. K.)
Lindsay & Williams

MOTORS (2)
E.R.F Quick (H. & J.)
Bluemel Bros.

NEWSPAPERS (3)
Assoc. Book Publishers Wilson Bros.
Bristol Post

TEXTILES (1)
Atkins Bros.

TRUSTS (3)
N.Y. & Gartmore West of England
Park Place Inv.

TEAS (1)
Longbourne

MINES (1)
Hongkong Tin

NEW LOWS (5)

FOODS (1)
Morgan Edwards

INDUSTRIALS (1)
Reed Intl.

TEXTILES (1)
Caird (Dundee)

TRUSTS (1)
Icoland (8)

MINES (1)
Zambia Copper

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
Rank Org.	25p	13	252	+ 4	276	128
Reed Intl.	£1	13	104	− 7	233	104
Shell Transport	25p	13	508	+ 8	635	454
ICI	£1	12	356	+ 4	448	325
BATs Defd.	25p	10	240	+ 5	260	202
GEC	25p	10	263	+ 4	284	163
BP	£1	9	788	+ 8	966	760
European Ferries	25p	9	112½	+ 3½	116	53¼
Midland Bk. 'New'	Nil/pd.	9	15pm	+ 1	17pm	11pm
Beecham	25p	8	638	+ 3	693	372
Dunlop	50p	8	87	+ 1	124	78
Grand Met.	50p	8	100	—	109	62
ICL	£1	8	260	+10	270	148
Boots	25p	7	204	+ 1	244	115
Courtaulds	25p	7	121	+ 1	135	89

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 7	Feb. 20	May 11	May 23
Feb. 21	Mar. 6	May 25	Jun. 7
Mar. 7	Mar. 20	Jun. 8	Jun. 21

For rate indications see end of Share Information Service

Money was given for the call of Dunlop, Charterhall, BP, Consolidated Gold Fields, BOC International, Premier Consolidated Oil, Fitch Lovell, Estates and Agency, J. Brown, Mills and Allen, UDT, Inveresk, Queen's Moat, Fundinvest Capital, Atlantic Assets, Reed International, GKN, EMI, Shell Transport, Town and City Properties, Ultramar, Hardy and Co., UDS, Burmah Oil and Rio Tinto-Zinc. Puts were done in Dixon's Photographic and Debenhams, while doubles were arranged in Lonrho and Reed International.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
52	F.P.	27/1	60½	53	I.M.I.	58½	+1	g3.29	2.7	8.5	6.5

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price	+ or −
‖£1	nil	20/2	40pm	34pm	Automated Secs. 8% Cnv. Cum. Pref.	35pm	+2
—	F.P.	24/2	105p	101p	Batleys of Yorkshire 10% Cum. Pref.	105p	+½
••	F.P.	21/2	109p	99p	Centreway 11% Cum. Pref.	109p	......
£99	£50	5/5	60¼	51¼	Grampian Reg. 10¾% 1985	60¼	+¾
$100	F.P.	—	$96½	$96¼	Inco 8½% Notes 1984	$96½	......
$100	F.P.	—	$96¾	$96¼	Do. 9% Deb. 1992	$96¾	......
£100	£50	24/3	55⅝	50½	Kensington & Chelsea 11¼% 85-87	51¾	+1¼
£100	F.P.	—	100½	99⅝	Do. Do. Variable '82	100⅜	+¼
£100	F.P.	—	100¼	100½	Leicester Variable 1982	100¼	+⅛
£100¼	F.P.	—	£99¼	£99¼	Rowntree Intl. 10½% 1992	£99¼	......
—	F.P.	—	£99	£99	Sears Intl. Fin. N/V. 10½% 1988	£99	......
—	F.P.	—	497	$96	Shell Intl. Fin. N/V. 8½% Guar. Notes 1990	$97	......
£99¾	F.P.	—	100⅛	99¾	Tameside Variable 1983	99⅞	+⅛
£99¼	£10	28/4	10⅝	7½	Do 10¾% Red '84-5	9	+1½
—	F.P.	24/2	106p	104p	Whitehouse (G.) 11% Cum. Pref.	105p	+½

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date ●	Latest Renunc. Date ▪	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −
95	F.P.	31/1	24/2	132	117	Arlington Motor	116	......
50	F.P.	6/1	10/3	79	66	Cableform	70	+½
32	F.P.	23/1	27/2	51	38	Christy Bros.	42	......
$A1.75	nil	24/2	10/3	52½pm	43pm	Comm. Bank of Australia	43pm	......
10	F.P.	1/2	17/3	41	38	L.R.C. International	41	+1
21	nil	20/2	30/3	7pm	5½pm	Manchester Garages	6½pm	......
330	nil	21/2	31/3	17pm	11pm	Midland Bank	15pm	+1
$A1.75	nil	17/2	3/3	65pm	45pm	National Bank of Australasia	50pm	+1
84	F.P.	10/2	10/3	94	81½	Neill (Jas.)	86	−8
17½	F.P.	23/12	18/1	34	24	Pawson W. L.	34	......
56	F.P.	3/2	3/3	64	71	Preedy (Alfred)	61	......
32	F.P.	18/1	3/3	40	37	R.C.F.	37	......
10	F.P.	19/11	16/2	15	11	Sturla (Geo.)	14	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. t Figures assumed. * Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Rights by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ⌐ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Feb. 9, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Wed. Feb. 8 Index No.	Tues. Feb. 7 Index No.	Mon. Feb. 6 Index No.	Fri. Feb. 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	205.25	+1.7	17.28	5.68	8.16	201.82	201.63	198.75	200.86	[illegible]
2	Building Materials (27)	183.09	+2.2	16.77	5.78	8.52	179.23	180.49	178.54	180.27	[illegible]
3	Contracting, Construction (26)	326.16	+2.5	17.55	3.88	8.28	318.26	320.54	316.28	320.08	[illegible]
4	Electricals (15)	442.97	+1.4	14.95	4.00	9.58	436.76	433.85	426.19	425.98	[illegible]
5	Engineering Contractors (13)	292.82	+1.2	20.04	6.46	6.83	289.30	289.23	283.33	285.16	[illegible]
6	Mechanical Engineering (72)	161.53	+1.9	18.36	6.42	7.75	158.48	157.73	156.00	157.67	[illegible]
8	Metals and Metal Forming (17)	164.79	+0.8	19.06	8.29	6.94	163.52	163.73	160.86	161.43	[illegible]
	CONSUMER GOODS										
11	(DURABLE) (53)	188.93	+1.7	18.01	4.92	8.06	185.76	185.81	182.42	183.99	[illegible]
12	Lt. Electronics, Radio TV (15)	227.71	+1.8	15.68	3.65	9.21	223.79	222.86	218.01	220.89	[illegible]
13	Household Goods (12)	171.38	+1.4	18.49	6.92	7.40	168.99	169.93	169.82	171.10	[illegible]
14	Motors and Distributors (26)	114.99	+1.7	21.60	6.47	6.83	113.06	112.35	111.17	112.86	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (176)	194.43	+1.2	16.50	5.92	8.54	192.09	190.82	188.22	188.82	[illegible]
22	Breweries (14)	216.77	+1.4	15.01	6.11	10.10	213.71	213.07	209.69	210.96	[illegible]
23	Wines and Spirits (6)	247.86	+1.4	16.69	5.80	9.09	244.47	239.88	238.33	238.06	[illegible]
24	Entertainment, Catering (18)	253.24	+1.5	16.65	6.79	8.79	249.54	245.39	240.66	242.56	[illegible]
25	Food Manufacturing (22)	190.13	+1.4	21.02	5.61	6.76	187.59	188.28	186.27	186.09	[illegible]
26	Food Retailing (16)	190.77	+1.4	14.29	4.79	10.17	188.18	186.25	181.54	181.73	[illegible]
32	Newspapers, Publishing (13)	327.62	+1.7	10.26	3.81	14.49	321.99	321.33	318.81	322.82	[illegible]
33	Packaging and Paper (15)	122.77	−0.1	21.50	9.47	6.69	122.87	123.46	122.57	124.22	[illegible]
34	Stores (38)	180.86	+1.3	10.60	4.37	14.79	178.57	177.30	174.61	175.49	[illegible]
35	Textiles (25)	173.70	+1.2	20.10	7.63	6.29	171.61	171.56	169.77	169.80	[illegible]
36	Tobaccos (3)	233.24	+0.8	24.18	8.03	5.00	231.46	226.77	224.18	221.21	[illegible]
37	Toys and Games (6)	99.39	+1.2	20.77	5.98	6.44	98.17	98.34	96.99	97.36	[illegible]
41	OTHER GROUPS (97)	188.65	+1.6	16.84	5.75	8.07	185.72	184.65	182.59	182.87	[illegible]
42	Chemicals (20)	256.48	+1.3	19.33	6.52	7.27	253.30	249.08	246.41	245.18	[illegible]
43	Pharmaceutical Products (7)	249.62	+0.7	11.02	3.97	11.64	248.00	246.28	244.32	242.73	[illegible]
44	Office Equipment (6)	130.07	+2.0	21.13	4.75	6.28	127.53	126.92	124.08	124.19	[illegible]
45	Shipping (10)	459.22	+1.7	21.44	6.38	5.52	451.62	451.81	444.26	449.68	[illegible]
46	Miscellaneous (54)	197.33	+2.5	16.01	6.21	8.85	192.56	193.75	191.71	193.47	[illegible]
49	INDUSTRIAL GROUP (496)	201.88	+1.5	16.88	5.75	8.29	198.98	198.03	195.48	196.13	[illegible]
51	Oils (4)	448.09	+1.3	15.53	4.37	7.83	442.25	440.06	429.70	429.70	[illegible]
59	500 SHARE INDEX	222.53	+1.4	16.68	5.55	8.22	219.38	218.31	215.10	215.78	[illegible]
61	FINANCIAL GROUP (100)	163.65	+1.5	—	5.39	—	161.24	161.84	159.58	160.17	[illegible]
62	Banks (6)	183.86	+0.7	25.86	5.68	5.90	182.68	181.91	179.53	180.87	[illegible]
63	Discount Houses (10)	202.59	+2.0	—	8.15	—	198.68	198.81	198.81	201.10	[illegible]
64	Hire Purchase (5)	154.06	+1.5	12.04	5.08	12.29	151.80	157.01	157.01	159.17	[illegible]
65	Insurance (Life) (10)	139.38	+2.4	—	5.95	—	136.13	137.69	135.46	137.01	[illegible]
66	Insurance (Composite) (7)	127.93	+1.8	—	6.29	—	125.65	126.34	123.77	124.13	[illegible]
67	Insurance Brokers (10)	312.51	+2.8	13.72	4.39	10.66	304.05	307.64	301.20	302.49	[illegible]
68	Merchant Banks (14)	77.73	+0.4	—	6.15	—	77.41	77.58	77.44	77.94	[illegible]
69	Property (31)	239.35	+1.4	2.87	2.86	65.68	236.15	236.81	234.33	234.31	[illegible]
70	Miscellaneous (7)	106.15	+1.5	24.27	7.41	5.72	104.59	104.20	104.45	104.36	[illegible]
71	Investment Trusts (50)	185.08	+1.5	3.35	5.00	29.82	182.34	182.12	181.51	182.81	[illegible]
81	Mining Finance (4)	86.82	+0.5	17.96	6.75	6.48	86.41	87.91	87.18	87.24	[illegible]
91	Overseas Traders (19)	273.67	+2.0	17.46	7.13	7.28	268.26	268.96	266.39	269.31	[illegible]
99	ALL-SHARE INDEX (673)	205.42	+1.4	—	5.55	—	202.49	201.95	199.15	199.86	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Feb. 9	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	107.88	+0.70	—	1.53
2	5-15 years	120.74	+1.28	—	1.43
3	Over 15 years	128.55	+1.37	—	1.64
4	Irredeemables	144.81	+1.74	—	0.00
5	All stocks	118.43	+1.11	—	1.51

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Thurs. Feb. 9	Wed. Feb. 8	Year ago (approx.)
1	Low Coupons	5 years	7.73	7.92	[illegible]
2		15 years	9.87	10.05	[illegible]
3		25 years	10.38	10.56	[illegible]
4	Medium Coupons	5 years	9.89	10.22	[illegible]
5		15 years	10.86	11.05	[illegible]
6		25 years	10.99	11.16	[illegible]
7	High Coupons	5 years	10.46	10.79	[illegible]
8		15 years	11.77	11.95	[illegible]
9		25 years	11.84	12.00	[illegible]
10	Irredeemables		11.48	11.70	[illegible]

		Thurs. Feb. 9 Index No.	Thurs. Feb. 9 Yield %	Wed. Feb. 8	Tues. Feb. 7	Monday Feb. 6	Friday Feb. 3	Thurs. Feb. 2	Wed. Feb. 1	Tues. Jan. 31	Year ago
15	20-yr. Red. Deb. & Loans (15)	61.30	†12.11	61.93	62.20	62.16	59.64	62.60	62.64	62.67	[illegible]
16	Investment Trust Prefs. (15)	56.95	12.59	57.47	57.47	57.15	57.13	57.15	57.13	57.05	[illegible]
17	Coml. and Indl. Prefs. (20)	77.53	11.69	77.65	77.77	77.77	77.82	77.86	77.84	78.05	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

G.T. Unit Managers Ltd.♥
16, Finsbury Circus EC2M 7DD 01-628 8131

G.T. Cap. Inc.	76.7	81.5	.....	3.70
Do. Acc	92.2	98.1	.....	3.70
G.T. Inc. Fd. Un.	157.9	167.9	.....	7.90
G.T. U.S. & Gen.	130.6	138.7	.....	2.30
G.T. Japan & Gen.	226.4	239.5	.....	1.20
G.T. Pens. Ex. Fd.	131.8	137.5	.....	4.10
G.T. Int'l. Fund	105.2	111.4	.....	[illegible]
G.T. Four Yds. Fd.	52.2	55.5	.....	7.40

♥G. & A. Trust (a) (g)
5 Rayleigh Rd., Brentwood (0277) 227300

G. & A.	30.6	32.7	+0.1	4.74

CLIVE INVESTMENTS LIMITED
...oyal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101
...ex Guide as at 7th February, 1978 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	135.06
Clive Fixed Interest Income	123.17

CORAL INDEX: Close 471-476

INSURANCE BASE RATES

† Property Growth	7½%
Cannon Assurance	4¼%
† Vanbrugh Guaranteed	7.25%

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

...B.N. Bank	6½%	■ Hill Samuel	§ 6½%
...llied Irish Banks Ltd.	6½%	C. Hoare & Co.	† 6½%
...merican Express Bk.	6½%	Julian S. Hodge	7½%
...ro Bank	6½%	Hongkong & Shanghai	6½%
...P Bank Ltd.	6½%	Industrial Bk. of Scot.	6½%
...nry Ansbacher	6½%	Keyser Ullmann	6½%
...nco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
...nk of Credit & Cmce.	6½%	Lloyds Bank	6½%
...nk of Cyprus	6½%	London & European	8½%
...nk of N.S.W.	6½%	London Mercantile	6½%
...nque Belge Ltd.	6½%	Midland Bank	6½%
...nque du Rhone	7 %	■ Samuel Montagu	6½%
...rclays Bank	6½%	■ Morgan Grenfell	6½%
...rnett Christie Ltd.	8½%	National Westminster	6½%
...emar Holdings Ltd.	7½%	Norwich General Trust	6½%
...it. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
...own Shipley	6½%	Rossminster Accept'cs	6½%
...nada Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
...pitol C & C Fin. Ltd.	9 %	Schlesinger Limited	6½%
...yzer Ltd.	7 %	E. S. Schwab	8½%
...dar Holdings	8 %	Security Trust Co. Ltd.	7½%
...arterhouse Japhet	6½%	Shenley Trust	9½%
...E. Coates	7½%	Standard Chartered	6½%
...nsolidated Credits	6½%	Trade Dev. Bank	6½%
...-operative Bank *	6½%	Trustee Savings Bank	6½%
...rinthian Securities	6½%	Twentieth Century Bk.	7½%
...edit Lyonnais	6½%	United Bank of Kuwait	6½%
...e Cyprus Popular Bk.	6½%	Whiteaway Laidlaw	7 %
...ncan Lawrie	† 6½%	Williams & Glyn's	6½%
...gil Trust	6½%	Yorkshire Bank	6½%
...glish Transcont.	8 %		
...rst London Secs.	6½%		
...rst Nat. Fin. Corpn.	8½%		
...rst Nat. Secs. Ltd.	8 %		
...ntony Gibbs	6½%		
...reyhound Guaranty	6½%		
...rindlays Bank	‡ 6½%		
...uinness Mahon	6½%		
...ambros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½%, and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

...OOD PRICE MOVEMENTS

	Feb. 9	Week ago	Month ago
	£	£	£
...ON			
Danish A.1 per ton	1,030	1,030	1,030
British A.1 per ton	1,005	1,005	1,030
Irish Special per ton	1,005	1,005	1,020
Ulster A.1 per ton§	1,005	1,005	1,030
...TER			
NZ per 20 lbs	10.94-11.05	10.94-11.05	10.94-11.05
English per cwt†	65.27	63.03-65.27	63.03
Danish salted per cwt†	68.60-72.41	70.15-72.41	69.15-71.60
...ESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,219.42	1,219.42	1,219.42
...S*			
Home-produce:			
Size 4	3.60-4.00	3.80-4.40	4.00-4.40
Size 2	3.80-4.40	4.25-4.80	4.50-5.00

	Feb. 9 per pound p p	Week ago per pound p p	Month ago per pound p p
...EF			
Scottish killed sides (ex-KKCF)	48.0—52.0	48.0—50.0	47.0—50.0
Eire forequarters	36.0—40.0	37.0—38.0	31.0—33.0
...MB			
English	47.0—53.0	46.0—53.0	47.0—54.0
NZ PLs-PMs	45.0—46.5	—	—
...TTON			
English ewes	—	—	—
...RK (all weights)	35.0—41.0	35.0—41.0	30.0—41.0
...ULTRY			
Broiler chickens	30.0—35.0	31.0—35.0	30.0—34.0

* London Egg Exchange price per 120 eggs. † Delivered. ...r delivery February 11-18.

Guaranteed see 'Ins. Base Rates' table.

Welfare Insurance Co. Ltd.♥
The Leas, Folkestone, Kent. 0303 57333

Moneymaker Fd.	102.5		.....	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
1 High Street, Windsor. Windsor 68144

Life Inv. Plans	68.4	72.0	.....	—
Future Assd. Gth(a)		29.0	.....	—
Future Assd. Gth(b)		47.0	.....	—
Ret. Assd. Pens.		£27.75	.....	—
Flex. Inv. Growth	106.4	112.0	.....	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realized capital gains unless indicated by ♦. § Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977-78 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
104⅛	97⅓	Treasury 10½pc '78‡‡	102⅛	+⅛	10.29	5.56
100⅛	90½	Exch. 5pc '76-78‡‡	99⅞	....	5.03	6.01
107	95⅞	Treasury 11½pc '79‡‡	104¼xd	+⅛	11.03	7.34
97¾	84⅞	Treasury 3pc '79‡‡	96¼xd	+¼	3.12	5.48
98¾	85⅛	Electric 4¼pc '74-79	96¾	+¼	4.39	6.38
106⅞	92	Treasury 10½pc '79‡‡	102¾	+⅝	10.22	8.71
97⅝	84⅞	Electric 3½pc '76-79	95½	+¼	3.66	6.22
107	87¾	Treasury 9pc 1980‡‡	101⅜xd	+⅜	8.88	8.30
105¾	88⅞	Treasury 9½pc '80‡‡	101⅝	+1	9.35	8.66
96	82⅞	Treasury 3½pc '77-80	93¼	+¼	3.75	6.66
95¾	83⅜	Funding 5½pc '78-80‡‡	94¼	+¼	5.57	7.99
112⅞	96⅞	Exchequer 13pc 1980‡‡	108⅛	+⅞	12.03	9.59
108⅛	92⅛	Treasury 11½pc 1981‡‡	104⅞	+⅝	10.98	9.62
94¼	77⅞	Treasury 3½pc 1979-81	90¼xd	+¼	3.88	7.15
104	86⅜	Treasury 9¾pc 1981‡‡	100⅜	+1⅛	9.72	9.61
97⅛	95½	Exch. 8¼pc 1981	96⅛	+⅜	8.58	9.58
103½	97½	Exch. 9½pc 1981	100	+1½	9.50	9.50
92½	87½	Exch. 3pc 1981	87⅞xd	+⅛	3.42	7.01
98¾	96⅛	Treas. Variable '81‡‡	96½	+⅛	6.66	7.50
113⅞	96¼	Exch. 12¾pc 1981‡‡	108⅞	+1⅛	11.72	9.66
100⅝	82⅞	Treas. 8½pc '80-82‡‡	96½	+¾	8.81	9.58
95½	71⅝	Treasury 3pc '82‡‡	85¼xd	+⅞	3.52	7.31
119⅜	101⅝	Treasury 14pc '82‡‡	113⅛xd	+1⅛	12.38	10.04
98½	95¾	Treas. Variable '82‡‡	96	+⅛	6.69	7.50
98⅝	93⅞	Treasury 8¼pc '82	95¼	+1½	8.66	9.61
102⅛	93½	Exch. 9¼pc 1982	97⅞	+1½	9.45	9.81
		Five to Fifteen Years				
87⅝	81	Exch. 3pc '83	82½xd	+⅞	3.65	7.29
114¼	95½	Treasury 12pc 1983‡‡	106¾xd	+1⅛	11.12	10.00
101½	95¾	Treasury 9½pc '83	97½	+1⅛	9.54	9.99
95½	72⅝	Funding 5½pc '82-84‡‡	87⅛	+1½	6.31	8.38
100⅛	77⅞	Treasury 8¼pc '84-86‡‡	94⅝	+1⅛	9.05	9.57
87⅞	66¾	Funding 6½pc '85-87‡‡	85⅛	+1⅛	7.79	9.20
94	68½	Treasury 7¾pc '85-88‡‡	86¾	+1⅛	8.97	9.91
74⅜	49½	Transport 3pc '78-88	65⅛	+1	4.63	8.07
76¼	53⅞	Treasury 5pc '86-89	71½	+⅞	7.17	9.29
121⅛	90	Treasury 13pc 1990‡‡	111¼	+1¼	11.78	11.38
91¼	67½	Treasury 8¼pc '87-90‡‡	86	+1	9.74	10.48
112	88¾	Treasury 11¾pc 1991	102⅞	+1¼	11.59	11.53
76½	53¾	Funding 5¾pc '87-91‡‡	71¼	+⅞	8.30	10.00
118	86¾	Treasury 12¾pc '92‡‡	108¼	+1¼	11.85	11.63
96½	88¼	Treasury 10pc 1992	90⅞xd	+1¼	11.03	11.34
113	89½	Exch. 12¼pc '92	103⅝xd	+1¼	11.76	11.66
		Over Fifteen Years				
116¼	84½	Treasury 12½pc '93‡‡	106½	+1¼	11.84	11.71
73¼	51⅞	Funding 6pc 1993‡‡	66½xd	+⅞	9.00	10.36
125½	96	Treasury 13¾pc 1993‡‡	116¼	+1½	12.14	11.86
129¾	99	Treasury 14½pc '94‡‡	118xd	+1¼	12.21	11.86
114½	94⅝	Exch. 12½pc 1994	105xd	+1½	11.56	11.76
96	66½	Treasury 9pc '94‡‡	86⅞	+1¼	10.62	11.00
115¾	97⅞	Treasury 12pc '95	103	+1½	11.71	11.66
51⅞	32⅞	Gas 3pc '90-95	49⅞	+¾	6.15	8.64
30	24½	Exch. 10¼pc '95 (£30pd)	26⅜	+⅝	11.25	11.43
120⅜	87	Treasury 12¾pc '95‡‡	110¼	+1½	11.29	11.75
92½	66¾	Treasury 9pc '92-96‡‡	83⅞xd	+1¼	10.71	11.06
133¾	101½	Treasury 15¼pc '96‡‡	127½	+1½	12.35	12.03
124	89¾	Exchequer 13¼pc '96‡‡	113⅞	+1½	11.97	11.80
50	31¾	Redemption 3pc 1986-96	48⅞	+1	6.34	8.80
122½	87½	Treasury 13¾pc '97‡‡	111½	+1½	11.96	11.80
92½	90¼	Exchequer 10½pc 1997	92¾xd	+1¼	11.33	11.45
89½	64⅞	Treasury 8¾pc 1997‡‡	80⅞xd	+1¼	10.76	11.11
72⅞	50¾	Treasury 6¾pc '95-98‡‡	68¾	+1¼	10.09	10.80
136½	103⅞	Treas. 15½pc '98‡‡	131⅞	+1½	12.28	12.02
97	65⅞	Treasury 9½pc 1999‡‡	87⅛	+1¼	10.96	11.15
105¼	90¾	Treasury 10½pc 1999	92⅞	+1¼	11.39	11.47
44⅞	27⅞	Funding 3½pc '99-04	40⅞	+⅞	8.72	9.95
82¼	57½	Treasury 8pc '02-06‡‡	77⅞	+1¼	10.73	10.91
59	40½	Treasury 5½pc '08-12‡‡	52⅞xd	+1	10.37	10.64
80¾	53¾	Treasury 7¾pc '12-15‡‡	72⅞	+1¼	10.68	10.76
		Undated				
39⅞	26⅞	Consols 4pc	35½	+⅝	11.29	—
38½	25¾	War Loan 3½pc‡‡	36⅞	+⅝	9.80	—
39¼	26¼	Conv. 3½pc '61 Aft.	38¼	+⅝	9.45	—
29⅝	20½	Treasury 3pc '66 Aft.	27½	+⅞	11.50	—
24½	17¼	Consols 2½pc	22¼	+⅞	11.11	—
24	17½	Treasury 2½pc	22½	+⅞	11.50	—

**INTERNATIONAL BANK

88¼	75½	5pc Stock '77-82	86½xd	......	5.78	8.66

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 33¼% (based on US$1.9325 per £)

Conversion factor 0.7556 (0.7668)

CANADIANS

[illegible]

S.E. List Premium 33¼% (based on $2.1421 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
195	70	Falcon Rh.50c	180	......	Q50c	1.3	26.0
24	9	Rhod'n Corp. 16½p.	21	......	0.57	4.3	4.1
165	52	Roan Cons. K4	65	......	—	—	—
164	115	Tanganyika 50p	132	−1	Q11.0	1.1	8.3
80	70	Do. Pref. 80p	78	......	Q9%	16.4	9.2
42	27	Wankie Col. Rh.1	38	......	Q7½c	1.4	16.8
27½	10	Zam Cpr. SBD0.24	10	−½	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
20	10	Acmex 25c	11	−1	—	—	—
127	57	Bougainville 50 Toea	78	+3	Q8c	1.5	6.5
128	69	BH South 50c	72	+1	—	—	—
325	119	Conzinc Riotinto 50c	166	+2	Q9c	2.3	3.3
65	16	G. M. Kalgoorlie $1	60	......	—	—	—
112	77	Hampton Areas 5p	90	......	1.45	4.1	2.4
35	10	Metals Ex. 50c	13	......	—	—	—
242	125	M.I.M. Hldgs. 50c	132	+1	Q9c	1.7	4.2
105	10	Mount Lyell 25c	19	......	—	—	—
2¾	1	Newmetal 10c	2	......	—	—	—
120	79	North B. Hill 50c	88	+1	Q8c	1.5	5.6
12	4½	Nth. Kalgurli	8½	......	—	—	—
144	57	Oakbridge $A1	136	−2	Q11c	1.9	5.1
55	20	Pacific Copper	34	......	—	—	—
£13	575	Pancont'l 25c	825	......	—	—	—
19	8	Paringa M&Ex.5p	12½	......	—	—	—
555	345	Peko-Wallsend 50c	424	+4	Q15c	4.0	2.2
—	—	Poseidon 20c	75#	......	—	—	—
164	85	Westn. Mining 50c	90	+1	Q6c	1.4	4.1
75	40	Whim Creek 20c	40	......	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
39	18	Amal. Nigeria	28	......	2.51	1.6	13.6
395	240	Ayer Hitam $M1	260	......	Q476.7c	0.9	34.4
57	25	Beralt Tin	50	......	3.75	2.3	11.4
260	155	Berjuntai $M1	210	......	‡Q60c	ϕ	‡
570	260	Geevor	470	......	18.05	3.4	5.8
13	8	Gold & Base 12½p	9	......	—	—	—
325	190	Gopeng Cons.	265xd	......	15.0	ϕ	8.6
150	72	Hongkong	150	+5	—	—	—
100	60	Idris 10p	90xd	......	7.5	ϕ	12.6
10½	7	Jantar 12½p	10½	......	—	—	—
85	30	Kamunting $M0.50	68	−1	‡Q15.5c	0.7	4.9
490	260	Killinghall	450	......	Q125	ϕ	27.8
410	217	Malay Dredging $M1	285	......	Q95.5c	0.8	7.2
46	40	♦Pahang	44	−1	†Q2.5	0.5	5.7
70	50	Pengkalen 10p	53xd	−2	6.5	ϕ	18.6
215	133	Petaling $M1	165	−5	mQ12½c	10.9	1.6
90	35	Saint Piran	54	......	g1.99	ϕ	5.6
73	55	South Crofty 10p	59	......	b4.12	1.5	10.4
210	77	South Kinta $M0.50	140	......	‡Q77.8c	1.4	11.9
305	148	Sthn Malayan $M1	250	......	‡Q131.3c	1.1	11.3
160	57	Sungei Besi $M1	144	......	—	—	—
160	19	Supreme Corp $M1	60	......	ZQ10c	—	3.6
102	42	Tanjong 15p	98xd	−2	4.5	ϕ	7.0
95	45	Tongkah Hrbr. $M1	74	......	Q56.2%	1.6	16.5
203	93	Tronoh $M1	160	......	ZQ30c	2.0	4.0

COPPER

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
198	84	Messina R0.50	84	−2	‡Q30c	1.9	‡

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
9½	9	Burma Mines 17½p	9	......	—	—	—
115	58	Colby Mines $C1	79	......	—	—	—
400	225	Cons. Murch. 10c	245	......	Q30c	ϕ	‡
475	250	Northgate C$1	250	−10	—	—	—
247	169	R.T.Z.	171	+2	t8.5	q3.1	7.5
70	28½	Sabina Inds C$1	34	......	—	—	—
£14¾	800	Tara Exprn. $1	818	−37	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.21	2.5	4.1
160	121	Yukon Cons. C$1	126	+2	Q7c	ϕ	3.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- § Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	23	
Ash Spinning	42	......
Bertam	17	......
Edm'ds Est. 50p	280	+2
Clover Croft	22	...
Craig & Rose £1	400	......
Dyson (R.A.)	37	......
Ellis & McHdy	68	....
Evans Fr'k 10p	58xd	....
Evered	17	......
Fife Forge	47	......
Finlay Pkg 5p	21	...
Graig Ship £1	240	+5
Higsons Brew	83	..
I.O.M. Stm. £1	137xd	....
Holt (Jos.) 25p	245	......
Nthn. Goldsmith	68	+4
Pearce (C. H.)	130	......
Peel Mills	17	...
Sheffield Brick	47	.....
Sheff. Refrshmt.	51	......
Shiloh Spinn	19	......
Sindall (Wm.)	85	......

IRISH

Stock	Price	+ or −
Conv 9% '80/82	£96¼	+1¼
Alliance Gas	70	......
Arnott	315	......
Carroll (P.J.)	105	−4
Clondalkin	80	−2
Concrete Prods.	125	......
Heiton (Hldgs.)	55	......
Ins. Corp.	163	......
Irish Ropes	130	+5
Jacob	60	......
Sunbeam	30	......
T.M.G.	174	−1
Unidare	70	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	23	Tube Invest.	30
A.P. Cement	18	"Imps"	7	Unilever	40
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	10	Inveresk	7	Vickers	15
Barclays Bank	25	KCA	5	Woolworths	6
Beecham	38	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	5
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	5	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	18
Burton 'A'	13	Lonrho	7	MEPC	12½
Cadbury's	5	Lucas Inds.	25	Peachey	10
Courtaulds	10	Lyons (J.)	13	Samuel Props.	10
Debenhams	10	"Mams"	7	Town & City	2
Distillers	13	Mrks. & Spncr.	11	**Oils**	
Dunlop	8½	Midland Bank	25	Brit. Petroleum	35
Eagle Star	11	N.E.I.	20	Burmah Oil	7
E.M.I.	18	Nat. West. Bank	22	Charterhall	3½
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	10	Ultramar	22
Glaxo	40	Plessey	9	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	18	Rank Org. 'A'	18	Cons. Gold	20
Guardian	18	Reed Intl.	14	Rio T. Zinc	16
G.K.N.	22	Spillers	4		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday February 10 1978

Richardson supports monetary flexibility

BY MICHAEL BLANDEN

A MORE flexible system of rolling monetary targets, subject to periodic reassessment, should be considered instead of the present annual targets, it was argued yesterday by Mr. Gordon Richardson, the Governor of the Bank of England.

It is widely expected that the Government will adopt some form of rolling system when it sets its new monetary targets for the coming financial year.

In a lecture yesterday he reaffirmed his view of the importance of monetary targets and gave his support to the idea.

He argued, however, that the quarterly re-assessment used in the U.S. would be too frequent for the U.K. It would probably be sufficient to reset the target each six months, at the time of the Budget and again in the autumn.

This would reduce an important drawback of the present annual targets, "the implied requirement to hit a particular number on a particular date," Mr. Richardson said.

The problem has been highlighted this week by the strong, although temporary, reaction of the City markets to the banking figures published on Tuesday, which indicated a renewed increase in the money stock during the January banking month.

The Governor stressed "we should not be unduly concerned when monetary growth goes temporarily off-course," as long a way could be seen to bring it back to the charted path within a few months.

MR. GORDON RICHARDSON . . . six-monthly targets

The main role of monetary targets, Mr. Richardson said, was "to provide the framework of stability within which other policy objectives can be more easily achieved."

He emphasised the limits placed by continued inflation on the country's ability to pull out of the present recession. "I take the view that we cannot allow the economy to expand very vigorously until inflation has been brought down to a lower level and we have some assurance that this achievement will not be threatened by faster expansion."

Giving his reflections on the conduct of monetary policy, in the first Mais Lecture at the City University, the Governor said that while the achievement of a monetary target was not an end in itself, "the conventional methods of demand management can only work well against a background of financial stability."

The first order of business must be to restore "confidence in the framework of the system." A monetary target provided "an overt public expression" of the need for caution in expanding the economy, and gave some assurance that action would be triggered if needed.

In the short term, if things went wrong adherence to an unchanged target would be the equivalent of early restraining discretionary action. In the longer term, the commitment to monetary targets would also ensure a general degree of caution.

Developing the themes of his Mansion House speech last autumn, Mr. Richardson said persevering with the policy would have an increasing effect.

Discussing the relationship between monetary policy and exchange rates, Mr. Richardson recognised the advantages of an appreciating pound for domestic prices, but added that the Bank was also concerned with the effect on export prices and profitability.

But the decision last year to let the pound float upwards when monetary policy was under pressure, "emphasises our commitment, in conditions of conflict, to controlling the monetary aggregates."

Four-part boost for French industries

BY DAVID CURRY — PARIS, Feb. 9.

THE FRENCH Government is launching an investment offensive in four industries crucial to its balance of payments, employment and technological independence. These sectors were to-day designated by the Economic and Social Committee, which brings together Government, employers, unions and various economic interest groups, as priorities for investment up to 1980.

Although the Government will expect the largest part of the finance to come from industry's own resources, a significant part will be funded by the State, either directly or through one of the range of semi-State institutions.

The Industry Minister said that a special working party studying ways of attracting private savings into industry would report by the end of the month.

First in the firing line is farm and food products. France is the world's second-largest farm goods exporter after the U.S. but her normal trade strength depends heavily on the export of bulk commodities like sugar, cereals and milk powder.

The food manufacturing industry is fragmented and small scale while in crucial areas like animal feedstuffs and even certain meats, like pork, there is a heavy trade deficit. This sector has long been singled out as requiring drastic structural change, but a series of inter-ministerial committees has so far failed to come up with a convincing programme.

Energy, particularly new sources, is also on the priority list, since France has no natural energy reserves and is anxious to develop her own technology with an export potential. Mechanical engineering, covering a wide range of basic capital goods, is designated for special attention as well.

The fourth area is pharmaceuticals. Although a net exporter, France's main contender in this sector, Roussel-UCLAF, is a subsidiary of the Germany company Hoechst.

National companies have been handicapped by restrictive health service pricing policies, now in the process of revision, and to some extent France is dependent on foreign suppliers of medicine.

M. Rene Monory, Industry Minister, said to-day that negotiations were also well advanced to "Frenchify" the integrated circuits sector by the transfer of technology and, where necessary, ownership, from American companies.

At the moment the sector is tiny, with a turnover of less than Fr.500,000 (£52,000). But the Government sees it as an important catalyst of industrial growth and a strong growth industry itself—hence the desire to create a strong French presence, initially at home and then in export markets.

Two other areas will receive particular attention in 1978: the loss-making paper industry, which represents the second largest balance of payments drain after oil; and railway equipment, because of the need to develop these markets to compensate for a contracting home market.

Left still divided Page 2

Gilts rise on long-tap price cut

THE GILT-EDGED market rose sharply yesterday after the Government brokers cut the price of the official long-dated tap stock and started selling the stock for the first time.

At the same time, fears of a possible rise in the Bank of England's Minimum Lending Rate to-day were dispelled as the money markets settled down after the upsets of the previous day.

Dealers estimated that the authorities might have sold up to some £150m.-£200m. of the long tap, 10¼ per cent. Exchequer 1995, in an important move to resume large-scale funding of the Government's borrowing requirement and to restore control of the money supply.

The stock was sold initially at £26, a substantial reduction from the £30 paid up when it was issued four weeks ago, and was supplied again later at £26¼.

It closed in the market at £26½, while gains of up to 1½ were seen at both the short and the long ends of the market.

The Financial Times Government Securities Index gained 0.93—its best rise for four months—to 73.34.

The mood of the market was helped by the news on the Government's pay policy, as well as by the improved conditions in the money market.

Tories to attack pay sanctions

BY RICHARD EVANS, LOBBY EDITOR

THE Conservatives have decided to press their attack on the Government's use of discretionary powers against private industry with a major Commons debate next Monday, on new clauses to be included in all future contracts with Government departments.

They hope that the Government could be defeated if minority parties turn up in force—they failed to do so in last Tuesday's debate on discretionary powers, by the Government by 14 votes.

The Tory resolution tabled last night declines to support "the Government's arbitrary use of economic sanctions against firms and workers who have negotiated pay settlements beyond a rigid limit which Parliament has not approved" and calls on the Government to withdraw new contract clauses for public purchasing.

Opposition leaders feel they must protest strongly against the Government's methods of maintaining pay guidelines, but there is the danger that, if the Tory attack is defeated again, Ministers will claim added moral support for the use of economic sanctions.

Conservative leaders were unprepared for the publication of the new contract clauses during Tuesday's Commons debate. They now claim to be better equipped to discredit the Government.

Mr. Denis Healey, Chancellor of the Exchequer and Mr. Albert Booth, Employment Secretary, will defend the Government's methods of restricting pay settlements. The Tory attack will be lead by Sir Geoffrey Howe, shadow Chancellor and Mr. James Prior shadow Employment Secretary

Ministers seem determined to enforce the new contract clauses to ensure that wages levels are kept down as the inflation rate to single figures.

Mr. Callaghan told Mrs. Thatcher in the Commons that he 'was "totally unrepentent" about the Government's policy and he pointed out that the Commons retained he final verdic should he Governmen misuse is powers.

"At the end of the day, the Commons will have to judge . . . I am totally unrepentent about the powers being used and the purpose for which they are used."

Mrs. Thatcher had suggested it was cynical for the Government to use discretion given for limited purposes in an unlimited way, "and then setting yourself up as the sole judge of the national interest."

There is still unease among Labour Left-wingers that the brutal way the Government is limiting pay agreements to 10 per cent. under a voluntary policy.

Mr. John Mendelson, MP for Penistone, sought a special meeting of the Parliamentary Labour Party yesterday to discuss the issue and this will be considered by the Party's Liaison Committee next week.

Exchange report on dealer's profit

Financial Times Reporter

SECURITY SELECTION, a licensed dealer in securities, has been found to have profited by selling shares in Bonser Engineering to its own unit trust at a price higher than it bought the shares in the market.

This emerges from the report of a Stock Exchange investigation, published yesterday after the exchange had looked into the share deals.

Mr. T. S. K. Yeo, chairman of Security Selection, told the exchange that his firm had reimbursed its profit on the transactions to the unit trust, the Security Selection Universal Growth Trust.

The Stock Exchange has formally reported its findings to the Department of Trade, which is reviewing the regulations under which licensed dealers operate. It is not expected that the exchange will carry out any further investigation of member-firms or take any action against them.

The exchange yesterday disclosed the results of its inquiries into the relevant dealings in Bonser Engineering shares on February 8 1977. Selection bought 250,250 Bonser shares, about 4 per cent. of the equity, as principal in the afternoon. The price of 14½p per share compared with the then market price of 15-18p. Shortly afterwards it bought another 5,000 shares at 18p.

Later that day Security Selection sold 75,000 Bonser shares to its own unit trust. The unit trust paid 19½p and the firm received 19¼p a share. The market price had by that time risen to 18-21p. Security Selection used one broker for its two purchaes of the Bonser shares and another for the sale to the unit trust.

Details, Page 18

New clashes add to Lebanon threat

BY IHSAN HIJAZI — BEIRUT, Feb. 9.

CLASHES TO-DAY between Syrian troops and Christian Right-wing forces have brought the situation in Lebanon to its worst crisis since the civil war ended 15 months ago, and have renewed fears of Israel's involvement in the south of the country.

Syrian tanks were patrolling the streets, deserted save for Syrian soldiers manning roadblocks and holding positions on rooftops amid continued mortar and artillery fire. It is estimated that 50 people have been killed and many more wounded in three days of fighting.

Damascus mission

Tanks of the Syrian Army stepped up their shelling to-night of Right-wing positions in Christian East Beirut as President Sarkis awaited the return of the delegation he had sent to Damascus earlier in the day.

The team consisted of former President Suleiman Franjier, a personal friend of President Assad of Syria, Mr. Fuad Butros, the Foreign Minister, and Lt.-Col. Sami al Khatib, the Lebanese commander of the Arab peacekeeping force.

Aside from the expansion of the fighting with Christian militias in Beirut, there are alarming signs that the confrontation is expanding to other Lebanese Army units. Fighting was reported to have broken out this afternoon round the main army garrison at Serba, overlooking the port of Junieh, capital of the main Christian enclave, 15 miles north of Beirut.

If the alliance between the Christians and the Syrians, who fought side by side in the civil war, collapses, there are fears of intervention by the Israelis in the south

The fighting between the two former allies stems from Christian fears that Syria's new alliance with the Palestinians to frustrate President Anwar Sadat's peace initiative is undermining their position in the Lebanon.

The Israelis have for some time been helping Christian militiamen in their enclave of seven villages close to the Israeli border in southern Lebanon.

Shelling claim

A communique last night by the guerrillas and their Left-wing allies claimed that the Israelies and Right-wingers had intensified their shelling of Palestinian positions in preparation for intensification of fighting in the south.

The Syrians appear to fear that both Egypt and Israel are plotting to discredit Syria's position in Lebanon. Heavy fighting in Lebanon would not only be a diversion from the problems of Egyptian-Israeli negotiations, but also sap the energies of the country leading the campaign among Arab States to halt Mr. Sadat's initiatives toward Israel.

Continued from Page 1

Budget Day

size of reflation because of this pattern of expansion, in the desire to avoid early supply constraints and to maintain control over the money supply.

Monetary influences may be more important in determining the size of the stimulus than calculations based merely on taking full advantage of the headroom within the £8.6bn. public-sector borrowing requirement ceiling agreed with the International Monetary Fund for the next financial year.

Treasury figures published yesterday for the central Government borrowing requirement in the current financial year suggest that there should be considerable leeway next year within this ceiling.

The central Government borrowing in the first 10 months of 1977-78 was £2.74bn., a third less than the total at this stage last year. This compares with the projected rise of 17.3 per cent. for the whole financial year projected in the last Budget.

This suggests that the borrowing requirement for the whole public sector should be at least £1bn. and possibly more, below the latest estimate of £7.5bn. for 1977-78.

GOVERNMENT REVENUE AND EXPENDITURE

	April 1-January 31 1976-77	April 1-January 31 1977-78	Change	Budget forecast 1977-78
	£m.	£m.	%	%
Consolidated fund				
Revenue	28,193	32,677	+15.9*	+11.7
Expenditure	32,013	35,547	+11.0	+10.5
Deficit met from National Loans Fund	−3,820	−2,870	−24.9	+ 2.7
Other NLF transactions				
Receipts	3,400	3,960	+16.5	+16.9
Payments	4,530	4,921	+ 8.6	+31.3
Net borrowing	−4,950	−3,831	−22.6	+16.8
Other funds and accounts	822	1,086		
Central Government borrowing requirement	−4,128	−2,745	−33.5	+17.3

* +14.1 per cent. of £500m. proceeds from BP share sale excluded.

Source: Treasury

New plan launched for big City site

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

STANDARD LIFE Assurance and the private property group, Greycoat Estates, will to-day announce one of the largest office developments seen in the City of London.

Standard, in conjunction with Greycoat, has bought the Port of London Authority's 4½-acre Cutler Street warehouse site near Liverpool Street Station for £4.9m. The site has an existing planning consent for 790,000 sq. ft. of offices and shops.

Although the new developers completed the purchase negotiations only this week, they have already awarded the main construction and design contracts for the £30m.-plus project.

The Cutler Street planning permission was granted early in 1976 when the site was expected to house a new headquarters for the Baltic Exchange, the international shipping market. Standard and Greycoat are now holding discussions with the Baltic over the site.

The future of the Cutler Street site has been in question since 1973, when it was bought by English and Continental Property, the company owned jointly by the Crown Agents and Mr. Jack Walker and Mr. Ramon Greene.

English and Continental collapsed with the property market, leaving the Crown Agents with losses of £42.8m., and without paying the Port of London the full £13m. purchase price for Cutler Street.

The site reverted to the Port Authority in 1976, and last year the Crown Agents paid £500,000 compensation for English and Continental's failure to complete the purchase.

Cutler Street scheme, Page 10

Continued from Page 1

Pay cheer

Before then, the union will try to persuade the National Coal Board to add other labour costs—such as the value of concessionary coal—to its £748m. wage bill, in an attempt to increase the £74.8m. offer by £1m.

Union leaders for 30,000 water supply workers are to recommend acceptance of an offer within the guidelines after employers promised yesterday to complete a review of grading structures by next September.

The decision was reached after five-hour talks against a background of threats of industrial action in support of a £50 minimum wage claim. Original demands also called for a firemen's type settlement to relate wages in the future to skilled workers in the private sector.

THE LEX COLUMN

Wilkinson takes out the sting

The revised terms of Wilkinson Match's bid for True Temper, a subsidiary of Allegheny Ludlum of the U.S., remove the main cause of complaint about the original deal. Instead of finishing up with over 50 per cent. of Wilkinson as a result of selling its subsidiary in return for shares, Allegheny will now end up with only 44.4 per cent. of Wilkinson's equity. And it has undertaken not to increase its holding above 45 per cent. without making a general offer—which would have to be accepted by at least 50 per cent. of the outstanding shares.

The main explanation for the change, according to Wilkinson, is that the numbers thrown up by an investigation into True Temper are lower than originally expected. This must be true. The new terms are worth about £15¾m., after discounting a deferred cash element, compared with over £22m. for the original offer before Wilkinson's shares started to slide. Allegheny would not have dropped the asking price this far just to keep Wilkinson's shareholders sweet.

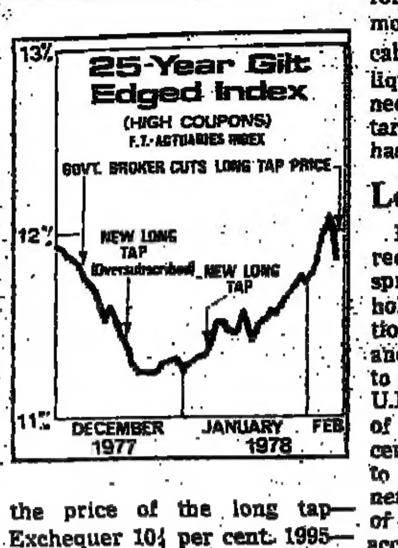
But institutional unrest at the original proposal has clearly had some kind of impact. After all Allegheny's original line was that it would not sell True Temper unless it secured control of Wilkinson. Subsequently it became apparent that it would simply not get a deal on these terms. Another indication that it has taken note of the insitutions' protests is that it has been prepared to accept a cash element under the new terms.

Of course it is also possible that its change of heart has been influenced by True Temper's poor figures. And it is still not clear how good a deal this is for Wilkinson. It will, apparently, increase its net asset value and earnings per share. But True Temper is not a particularly large company—at a guess its net assets may be a bit over $30m. and its profits around $6m. to $8m. pre-tax. The offer document will have to show whether this is worth a marked change in direction in Wilkinson's management and business priorities.

Opening the tap

The Government Broker has been quick to seize on the gilt-edged market's recovery to get his funding programme rolling once again. Yesterday, he cut

Index rose 4.9 to 473.3



the price of the long tap—Exchequer 10¼ per cent. 1995—and sold perhaps £200m. nominal at £26 and £26¼.

The gilt edged market responded enthusiastically to the news and prices at both the short and long end of the market rose by around a point and a half. The FT Government Securities Index recorded its biggest increase for four months. The reappearance of the GB has put paid to any fears of a jump in minimum lending rate to-day, and yesterday's figures on the Central Government Borrowing Requirement for January indicate that the PSBR is still undershooting the target by a wide margin.

The only real worry at the shorter end of the market last night, was whether the authorities would capitalise on their success and rush out a new short tap. But given the market's recent bout of the jitters they will probably wait at least a week in order not to jeopardise the long tap's prospects.

Certainly the market has recovered its poise after the shock of Tuesday's poor banking statistics. Next week's money supply figures are going to look dismal but as the Governor of the Bank of England emphasised in his lecture at the City University yesterday, "we should not be unduly concerned when monetary growth goes temporarily off course."

The lecture gave a useful insight into the Bank's version of "practical monetarism" and the Governor used it to reply to some of the criticisms ... more trenchant mone... The idea of controlling ... form of high-powered ... money" was ruled out ... calls for targets for ... liquidity series than M3 ... need to have clear and ... targets" said the Govern... has a point.

Lonrho

Lonrho has celebra... recent British assets ... spree by treating its ... holders to a little more in... tion on where it earns its ... and holds its assets. Acc... to yesterday's annual rep... U.K. accounted for 28 per ... of pre-tax profits and ... cent. of turnover for the ... to September 1977, whil... net assets were around ... of the total at that date ... accounts the Volkswagen ... chise was the star perfor... the domestic scene, where ... all profits are £21m. ... and Elliott also appears ... made at least a small co... tion.

The group's pre-tax ... now emerge at £90m. ... cent. down on last year ... the £88m. reported in the ... liminary figures. But ... sults have been distorted ... number of factors, includ... estimated £10m. short... currency translation, a ... profit on asset disposals ... in West Africa, a £7m ... back of surplus depreci... mainly relating to South ... and the treatment ... Nigerian John Holt bus... an associate for the firs...

The most eye-catching ... of Lonrho's balance sh... the growth of borrowings ... last year the ratio of tot... —£227m. at the year e... Lonrho shareholders' fu... escalated from just over ... cent. to over 75 per cen... only about a quarter of th... is definitely funded med... long-term.

Significantly, Lonrho i... again asking shareholdi... approve an increase in a... ised capital. This time it ... 25 per cent. increase to ... the authorised total to ... At the same time Lonrh... that its 22 per cent. hold... House of Fraser is "stra... But with the Harrods ... group capitalised at ... against Lonrho's £143m ... strategy is far from obvio...

Weather

U.K. TO-DAY

SNOW showers everywhere, prolonged in East. Very cold.

London S.E., East, Cent. N., N.E. Very cold. Snow, heavy in places with drifting. Wind N.E., strong. Max. 1C (34F).

Cent. S., E. and W. Midlands Very cold. Snow showers. Sunny intervals. Wind N.E., fresh. Max. 2C (36F).

Channel Islands, S.W., N. and S. Wales Very cold. Sunny intervals, scattered snow. Wind N.E., fresh or strong. Max. 2C (36F).

N.W., Lakes, Isle of Man, S. Scotland, Highlands Cold, snow showers. Wind N.E., fresh. Max. 2C (36F).

Moray Firth, N.E. and N.W. Scotland, Orkney, Shetland Cloudy. Sleet or snow at times. Wind S.W., moderate. Max. 3C (37F).

Outlook: Cold, snow showers.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	F	−2	28	Lisbon	C	11	52
Athens	F	13	55	London	Sn	1	34
Barcelona	F	7	45	Luxembrg.	Sn	−3	27
Beirut	C	12	54	Madrid	F	8	46
Belfast	F	0	32	Manchstr.	Sn	1	34
Belgrade	C	−1	30	Milan	C	1	34
Berlin	C	−2	28	Moscow	C	−5	23
Brmghm.	C	−1	30	Munich	F	−4	25
Bristol	F	1	34	Newcastle	S	2	36
Brussels	C	−2	28	Oslo	S	−8	18
Budapest	Sn	−3	27	Paris	F	0	32
Cardiff	F	1	34	Prague	Sn	−4	25
Cologne	S	0	32	Reykjavik	C	2	36
Copnhagn.	S	−4	25	Rome	S	7	45
Dublin	C	2	36	Stockholm	F	−5	23
Edinbrgh.	F	−1	30	Strasbrg.	S	−1	30
Frankfurt	C	−1	30	Tel Aviv	S	18	64
Geneva	F	0	32	Vienna	C	−4	25
Glasgow	Sn	1	34	Warsaw	C	−6	21
Helsinki	S	−9	16	Zurich	C	−3	27

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	F	11	52	Jersey	C	1	34
Algiers	F	18	64	Las Plms.	C	19	66
Biarritz	R	2	36	Locarno	C	1	34
Blackpool	F	1	34	Majorca	C	13	55
Bordeaux	F	2	36	Malaga	C	14	57
Boulogne	F	−1	30	Malta	S	17	63
Casablnca.	C	16	61	Naples	F	11	52
Corfu	R	7	45	Nassau	S	25	77
Dubrovnik	R	3	37	Nice	C	9	48
Faro	F	13	55	Oporto	C	10	50
Florence	S	7	45	Rhodes	F	12	54
Funchal	F	16	61	Salzburg	C	−2	28
Gibraltar	C	13	55	Tangier	C	14	57
Guernsey	F	1	34	Tenerife	F	15	59
Innsbruck	F	−3	27	Tunis	S	14	57
Inverness	S	1	34	Valencia	C	9	48
Istanbul	R	2	36	Venice	C	2	36

F—Fair. C—Cloudy. Sn—Snow. S—Sunny. R—Rain.

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